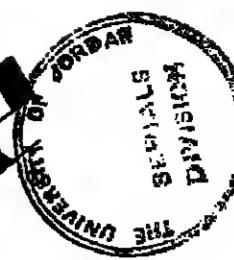


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Dollar's Drop: Has the Fall Reached the Crisis Stage?

Analysts Say Currency Is Unlikely to Rebound Until the Fed Intervenes

By Carl Gewirtz
International Herald Tribune

PARIS — The dollar is in a downturn, and for leading currency analysts that is a fact, not a prediction.

The only issues are whether the currency is headed modestly or substantially lower against the Deutsche mark and the yen and whether the movement constitutes the start of a dollar crisis.

The dollar traded briefly last week below its historic low of 96.65 yen and ended trading at 97.24 yen on Friday in New York. The dollar hit a two-year low against the mark before closing the week at 1.50 DM. But these small recoveries failed to impress.

Benoit Jadouhl at Chase Manhattan Bank in New York dismissed the moves as typical end-of-week profit-taking and pre-weekend closing of positions.

"The dollar is in a downturn," he said. "The negative feeling is well embedded, and the upcoming congressional elections are not going to help the dollar."

He added: "There is a total lack of confidence in the Clinton administration, which appears to have no clear dollar policy."

On Friday, Treasury Secretary Lloyd Bentsen did his utmost to explain that the markets had misunderstood his midweek comment that the United States had "no plans to intervene," which triggered a big selloff.

But analysts brushed aside the clarifications, asserting that the real issue was a fear that the Federal Reserve Board was not acting forcefully enough to tame the pace of the U.S. expansion and to thwart a spurt in the inflation rate.

"Decisive Fed action, backed by the administration's support, should limit the dollar's risks of a sharp new drop," said John Lipsky at Salomon Brothers in New York. But even he said that "few reasons exist to expect that the dollar can be more than stabilized for now."

"A significant dollar rebound is difficult to envision anytime soon," he said.

Nell MacKinnon at Citibank in London said: "There's scope for further declines." He predicted the dollar would be testing its historic lows against the yen and the mark "very soon."

The dollar, he said, is down because it is responding to fundamental factors in the United States and Europe and to capital flows. "There's no reason for panic" if the currency continues to slip, he said.

The main issues upsetting markets are the timing and size of the Federal Reserve's next move on interest rates. This uncertainty unsettles the bond market, where the yield on 30-year bonds touched a two-year high of 8.03 percent last week, and rattles equities markets.

"The skepticism over the Fed's commitment to restrain prices is related to the anxiety over the U.S. current-account deficit," said Paul Cherkow, an analyst at Union Bank of Switzerland in London.

"The linkage is funding," he said. "If the trade deficit continues to trend higher and inflationary pressures intensify beyond the Fed's expectation, investors will refrain from placing funds in U.S. instruments in

See DOLLAR, Page 8

Kiosk

Sri Lanka Blast Kills Opposition's Leader And 50 at Party Rally

COLOMBO (AP) — The opposition candidate for president and four top leaders of his party died Sunday in a bomb blast that killed about 50 people at an election rally, the police and hospital officials said.

The explosion on the outskirts of Colombo that killed Gamini Dissanayake came less than three weeks before the Nov. 9 election and one day before peace talks were to resume with Tamil guerrillas to end an 11-year ethnic war. The police said there was no indication of who was responsible.

Mr. Dissanayake was an outspoken critic of the peace talks. The government warned him three weeks ago that the guerrillas would try to kill him.

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Newsstand Prices

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WAITING TO BE FREED — A Palestinian arrested for entering Israel illegally being released on Sunday on the Gaza border by an Israeli policeman.

The Gaza Strip has been sealed since a terrorist bombing last week in which 23 died. Dozens of Hamas militants have been arrested since then. Page 8.

Stefan Elie / The Associated Press

Inside Story: Why the Gulf War Ended When It Did

By Michael R. Gordon
and Bernard E. Trainor
New York Times Service

On Feb. 27, 1991, President George Bush and his senior advisers assembled in the Oval Office to make what has turned out to have been a pivotal decision of the Gulf War: when to stop attacking Iraq's fleeing army.

Seated in his customary white chair near the fireplace, Mr. Bush was worried that the reports of carnage in Kuwait could turn a crushing military victory into a public-relations defeat.

But the president made clear that he would defer to the Pentagon's top general

on the timing of the war's end, as he had on strategy and forces.

"What do you need?" he asked General Colin L. Powell, then the chairman of the Joint Chiefs of Staff, according to previously undisclosed notes taken by a participant.

General Powell was also concerned that the bombardment of the Iraqi forces would tarnish the image of the U.S. military. Relying on his political instincts as well as his intuitions as a soldier, he made the case for wrapping up the ground war, which had begun three days earlier.

"We are in the home stretch," General Powell said, adding that General Norman Schwarzkopf, the allied commander,

agreed with the assessment: "Today or tomorrow by close of business."

Even as he accepted General Powell's assessment and made the land offensive a "100-hour war," however, Mr. Bush sensed something was missing.

"Why do I not feel elated?" he asked aloud. "But we need to have an end. People want that. They are going to want to know we won and the kids can come home. We do not want to screw this up with a sloppy, muddled ending."

Such an ending, however, is exactly what the United States has got.

Three and a half years later, the Iraqi Republican Guard forces that General Powell thought had been largely destroyed

have again menaced Kuwait, and President Saddam Hussein of Iraq is unbowed. Earlier this month, some of the same U.S. units that took on the Iraqis in 1991 were ordered back to the Gulf to prevent a possible second Iraqi invasion.

The story of how the Gulf War ended has never been fully disclosed. Interviews with nearly all of the senior participants, as well as private notes and classified documents, now show that what some officials considered an inconclusive close to the conflict resulted from a misjudgment of the Iraqis' military capabilities, a failure to coordinate war plans among the military

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A health worker offering water to a malaria victim in Rajasthan, west India.

Malaria Outbreak in India

Officials Dispute Death Toll in Western State

Compiled by Our Staff From Dispatches

NEW DELHI — The government on Sunday ordered the widespread spraying of insecticide to wipe out malaria-carrying mosquitoes that have caused several hundred deaths in northwestern India, news reports said.

Independent health groups said that hundreds of thousands of people were at risk in the outbreak in Rajasthan state, on the Pakistan border.

According to reports in newspapers and from private health groups, up to 4,000 people have died from malaria in the area since August. But Rajendra Rathore, health minister in Rajasthan

state, denied the severity of the outbreak and said that the reports were "totally wrong and exaggerated." He said that fewer than 300 people had died.

Officials of the federal Health Ministry ordered doctors in Rajasthan on Sunday to survey the magnitude of the outbreak by visiting every house in the affected districts, the Press Trust of India said.

Private health groups said most of the victims in Rajasthan, a mostly desert region, were found to be infected with a form of malarial parasite that attacks the

See MALARIA, Page 4

Republicans Likely to Gain At Statehouse Level as Well

By Richard L. Berke
New York Times Service

WASHINGTON — Led by three aggressive, conservative newcomers, Republicans appear poised for significant gains in races for governor, with candidates ahead or in tight races in the nation's eight biggest and most politically important states.

The Democratic governors in three of the states are slightly behind or dead even in most polls, facing three inexperienced challengers: in New York, State Senator George Pataki is giving Governor Mario M. Cuomo the race of his career, while President George Bush's eldest son, George W., seeks to unseat Governor Ann W. Richards in Texas. Another Bush son, Jeb, is leading Governor Lawton Chiles in Florida.

The latest polls show these incumbent Republican governors hold comfortable leads: Pete Wilson of California, Jim Edgar of Illinois, John Engler of Michigan and George Voinovich of Ohio. Of the eight states, only in Pennsylvania is the Democratic candidate, Lieutenant Governor Mark Singel, barely ahead of his Republican opponent, Representative Thom-

as J. Ridge, and that race could go either way.

In all of the 36 gubernatorial contests, the only Republican governor who is well behind in the polls is Fife Symington of Arizona, who faces serious legal troubles over his involvement in a savings and loan association that failed.

These challenges pose a new worry for Democrats, who already fear that they could lose control of Congress in next month's elections. While local issues may be playing a bigger role in the gubernatorial than congressional contests, officials in both parties say that the same wave of anti-government, anti-incumbency anger battering Washington officeholders is at work in the gubernatorial races as well.

There are several reasons why Democrats would hate to lose these races. Some have to do with 1996. The large states are viewed as important organizational and fund-raising bases for any presidential campaign. And many Republican political professionals put Mr. Wilson at the top of the list of candidates for the party's presidential nomination, dismissing the govern-

See RACE, Page 8

In East Europe, Old Gang Is Still on Top

By John Pomfret
Washington Post Service

TIMISOARA, Romania — Radu Timu could be described as a model citizen of the new Romania. Five years ago, he played the same part for the Communists.

Dapper, driven, well-read and fond of Romania's fine red wine, he has seen his two import-export companies boom since starting them two years ago. To him, success is natural — because he was a success as a Communist spy.

Lieutenant Colonel Zbigniew Wojt should be forgiven for feeling a little dizzy from the changes shaking up his life. But the Polish Army battalion commander is accustomed to hanging at the curveballs of history. It is a family tradition.

His grandfather fought for the German Army in World War I and then narrowly escaped a Gestapo execution three decades later. His father battled to free Poland from one overlord, Berlin, only to help another, Moscow, prevail. Thirteen years ago, Colonel Wojt com-

manded a detachment in the martial-law crackdown ordered by the Communists. Last month, he participated in the first joint maneuvers with NATO armies ever held on Polish soil.

Mr. Timu, 46, and Colonel Wojt, 39, illustrate two great problems bedeviling Eastern Europe today. On the one hand, the transformation of political and economic life is complicated by the continuing, and sometimes overwhelming, influence of the former Communist bureaucracy and its members.

At the same time, the region has failed to solve the problem that plagued its history for centuries before Communist rule: how its nations can survive and govern themselves independently between Europe's two great powers, Russia and Germany.

The surviving East European states wallow in a nervous netherworld between Russia and the reunited Germany, tantalized by the prospect of joining the North Atlantic Treaty Organization and the European Union but still waiting for a firm commitment from the West. Many governments, including the United States, underestimated how the

every economy as managers and owners.

The Communists, as Mr. Timu proudly boasts, were the best trained to profit from the change. And although their leaders were removed from power, the party's apparatus, the key to its dominating political influence, largely remained intact.

Although Poland, Hungary, Bulgaria and Romania have survived as nations, one of the former Warsaw Pact six, East Germany, no longer exists, while Czechoslovakia, site of the Velvet Revolution in November 1989, has split into two states, the Czech Republic and Slovakia.

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Many governments, including the United States, underestimated how the

See EAST, Page 8

A Sinn Fein Leader Demands U.K. Say It Will Leave Ulster

Reuters

LONDON — A leading member of the Irish Republican Army's political wing demanded Sunday that Britain give notice that it will quit Northern Ireland.

Martin McGuinness, a spokesman for Sinn Fein, said pro-British Protestants in Northern Ireland must not assume that the province's 300-year-old union with Britain was secure, despite solemn assurances to that end by Prime Minister John Major.

"It is quite clear that nothing is secure," Mr. McGuinness said. "It's quite clear that everything is about to go into melting pot."

His remarks are an indication of how tough the planned all-party talks on the future of Northern Ireland will be.

Mr. McGuinness was speaking to the BBC in London, 48 hours after Mr. Major scrapped an order that banned Mr. McGuinness and the Sinn Fein spokesman, Gerry Adams, from traveling to Britain.

The Sinn Fein spokesman repeated his claim, denied by the government, that a British envoy told him during secret talks in March 1993 that London eventually wanted Northern Ireland to reunite with the Irish Republic.

The North, where Protestants are in a majority, was partitioned from the predominantly Roman Catholic South and remained a part of the United Kingdom when Ireland became independent 70 years ago.

Many people in both parts of Ireland, and indeed within the

British political establishment, had concluded that Britain was "slowly but surely disengaging" from the North, Mr. McGuinness said.

"We have to test this in the forthcoming talks," he said.

"What I would like to see happening," he said, is for the British government to give "a clear commitment that they intend to end British jurisdiction in my country."

Mr. McGuinness said Mr. Major, in a speech Friday in Belfast heralding talks with Sinn Fein, had implicitly agreed that the partition of Ireland had failed and that Northern Ireland had been a disaster.

"The reality is that the place where I live is a political slum," he said. "It has failed. There can be no papering over the cracks."



WAR GAMES — Traditionally dressed soldiers standing guard over the weekend during the opening ceremonies of NATO exercises in Stroe, Netherlands. The games include countries in NATO's Partnership for Peace program.

In Sarajevo, a Musical Clash Rages for City's Soul

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina — Among the scarred streets and alleys of Sarajevo there is one comforting crossroads, where the sound of a Beethoven sonata or a Chopin waltz may be heard.

The music, sometimes flowing, sometimes betraying a student's faltering hand, cascades from the Sarajevo Conservatory. In its lightness and other-worldliness, it offers solace in a city still raw with suffering.

The solid Austro-Hungarian school contains destruction, physical and spiritual; interethnic suspicions, spoken and unspoken, and tragedy faced with the candid optimism of youth.

The physical toll on the school of two and a half years of war has been onerous. Seven music students and one teacher have been killed. Last year, two Serbian shells came through the ceiling of the concert room. Of 276 prewar students, 206 have left.

But this suffering is probably no greater than that of any institution of similar size in Sarajevo. What sets the conservatory apart is the spiritual battle waged by students and teachers to save their music, and what it means to them, from the encroachment of war.

Their fight, in many ways, is a fight for what is left of the soul of Sarajevo, just as two years ago, Vedran Smajlovic, a cellist, fought his own battle for peace by playing in a city street as shells fell around him.

"I play to defend myself," said Ivanica Velican, 14, a piano student. "I mean, I am not — I cannot be — free. But I can sit at the piano. And I can hope that everyone learns to feel the love that I feel."

The difficulty, after a long siege by Serbian forces that has left a tragedy in almost every family, is finding the moral strength to play. Emma Dubravice, the school's director, wrings

tears every time she reaches for her flute. The uplift of music is offset by the painful memories it stirs.

Mrs. Dubravice was pregnant when the war began in April 1992. Just before Serbian shelling started, she and her husband, Kenan, fled their house in the Sarajevo suburb of Ilidza, now controlled by Serbs. As Muslims, they had been threatened with death.

Their son, Amre, was born in Sarajevo on April 27, 1992. He came into the world, Mrs. Dubravice recalled, "with shells flying everywhere around me."

Six months later, on Oct. 13,

1992, her husband, Kenan Du-

rbavice, was killed fighting near his former home.

"It is so hard to play my flute," she said. "You see, my husband would always accompany me on guitar."

Every working day, throughout the war, Mrs. Dubravice has gone to the music school to teach.

"I am trying to give my pupils as much love for their music as possible," she said. "But not only that. Love for everything. I try to encourage them to see the world in a different way through their music, for I do believe in the power of love."

For all the students of the academy, reality has been turned on its head.

"I became very different in the war," said Jasmina Kapic, a pale and slight 16-year-old who resumed playing the piano at the beginning of the war because, she explained, it was a means to survive. "I grew up very fast. I know what war is. Many adults do not know what war means, the way it not only kills people but burns the soul."

WORLD BRIEFS

2 Spanish Nuns Shot Dead in Algiers

ALGIERS (AP) — Armed men shot and killed two Spanish nuns in central Algiers on Sunday, medical sources said.

The nuns, of the Augustine order, were longtime residents of Algiers carrying out humanitarian work, according to Spanish diplomats. The dead nuns were identified as Sister Caridad Maria Albaras Martin, 61, and Sister Ester Paniagua Alonso, 63.

There was no immediate claim of responsibility for the attack. The Armed Islamic Group, which has singled out foreigners in its campaign to overthrow the military-backed government, took responsibility for the slaying of a French nun and a French priest in May.

Gunmen Kill Briton Touring Egypt

ASYUT, Egypt (Reuters) — Suspected Muslim militants fired on a tour bus in southern Egypt on Sunday, killing a British tourist and wounding three others and an Egyptian driver.

The interior Ministry said that the bus was on a road that is not designated for tourist buses and that the driver had not notified the police of his journey. The four Britons arrived from London last week, the sources said.

Security sources said a witness saw three men wearing traditional robes fire on the bus with machine guns in Nagada in the southern province of Qena, 500 kilometers (300 miles) south of Cairo. The gunmen escaped.

Election Quirk Protested in Germany

BONN (Reuters) — Opposition politicians and political analysts said Sunday that they would challenge a quirk in Germany's electoral law that gave Chancellor Helmut Kohl a thin, 10-seat majority in last week's general election.

Hans Meyer, a specialist in constitutional law, said he would lodge a complaint with Parliament and, if necessary, take the case to the Constitutional Court in Karlsruhe.

Under Germany's two-vote system, each voter is allowed to cast one ballot for a specific candidate in one of the 282 constituencies and a second ballot for a party. Federal election officials can sometimes award so-called overhang seats to parties that perform well in the first vote but get a lower percentage of the second vote. Mr. Kohl received 12 overhang seats in the enlarged 672-seat Parliament.

Moderates Win Spanish Basque Vote

BILBAO, Spain (Reuters) — Moderate Basque nationalists emerged winners of elections in Spain's most intensely nationalist region on Sunday, but with fewer seats than four years ago, first results indicated.

With some 50 percent of votes counted, the Basque Nationalist Party was set to take 20 seats in the new 75-seat Parliament in Vitoria, compared with 22 in the last.

The Basque Socialist Party, partners of the PNV in the last two coalition governments, fell from 16 seats to 14, while the center-right Popular Party surged to 11 seats from its previous 6. The radical nationalist party Herri Batasuna lost some ground, taking 11 seats, as against 13 in 1990.

Runoff Vote Tests Greek Socialists

ATHENS (AP) — For the second week in a row, Greeks voted Sunday to choose mayors and regional governors in a runoff election that is considered a gauge of popularity for the governing Socialists.

Early returns for Athens showed Dimitris Avramopoulos, backed by the conservative New Democracy party, taking almost 55 percent of the vote. He had won 44 percent in the first round last Sunday.

A former European affairs minister, Theodoros Pangalos, supported by the governing Panhellenic Socialist Movement, who received 32.6 percent last week, was considered too far behind to catch up. His defeat would be a political embarrassment for Prime Minister Andreas Papandreou, who personally chose him to run for the position.

TRAVEL UPDATE

Strikes to Slow Air Traffic in Italy

ROME (AP) — Italy faces air traffic disruption as of Monday, with strikes expected to hit on four out of five days, officials said.

On Monday, a 24-hour strike by customs officials at Rome's international airport over pay and working conditions is expected to delay flights. On Tuesday, pilots and ground crews are expected to bold a three-hour strike in line with an appeal from the main national unions for strikes against government policies. It will be followed by a similar three-hour strike by air crews on Wednesday.

On Friday, pilots of the domestic airline ATI, a subsidiary of Alitalia, will stop work for four hours to protest what they say would be a worsening of working conditions in a planned merger with Alitalia.

A third suspected case of cholera was reported in Bari, Italy, on Sunday, and local authorities said the bacteria that cause the disease had been found in the city's sewers. Authorities said Saturday that two Bari residents had contracted cholera after eating contaminated seafood.

Air Algérie will fly a new service between Djibouti in extreme southeastern Algeria and Frankfurt. The opening of new routes between foreign cities and southern Algeria is designed to help foreigners avoid northern Algeria where Islamic militants are most active.

Nine people died from flash floods after torrential rains swept through Athens and its environs causing millions of dollars of damage to roads and establishments, the police said. The downpour disrupted telephone and electricity services and trapped scores of people in elevators and in basement apartments.

Brussels and Paris will be linked by France's high-speed TGV train as of January, Belgian state railroads said Sunday in Brussels, but Belgium's failure to build special tracks means there will be no cut in journey time.

The Colorado Springs Airport opened over the weekend on time and within budget, officials at the facility said. The airport will have 100 flights a day and nonstop service to nine cities. (Reuters)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Heidi, New Zealand, Thailand, Zambia.

TUESDAY: Grenada, Taiwan.

WEDNESDAY: Austria, Rwanda.

THURSDAY: Turkmenistan, Zaire.

FRIDAY: Czech Republic, Cyprus, Greece.

SATURDAY: Turkey.

Sources: J.P. Morgan, Reuters.

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Bahrain	800-000	El Salvador	172-1022	192	1800-19512
Belgium	0800-10012	Finland	1-800-574-7000	193	1800-19512
Bermuda	1-800-523-0484	France	001-800-19-19	194	1800-19512
Bolivia	008-8012	Germany	001-800-19-19	195	1800-19512
Brazil	008-8012	Greece	001-800-19-19	196	1800-19512
Canada	1-800-588-8000	Guatemala	001-800-19-19	197	1800-19512
Cayman Islands	1-800-624-1000	Haiti	001-800-19-19	198	1800-19512
Chile	007-0316	Honduras	001-800-19-19	199	1800-19512
Colombia	980-16-0001	Greece	001-800-19-19	200	1800-19512
Costa Rica	162	Honduras	001-800-19-19	201	1800-19512
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Czech Republic	00-42-000112	Iceland	001-800-19-19	203	1800-19512

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POLITICAL NOTES

Oregon to Pass Judgment on Dying

NEW YORK — In a year when a book called "How We Die" (Alfred K. Knopf) was on the best-seller list for months, Americans continue to grapple with the question, "How should we die?"

In Oregon, the public is debating and must decide the issue. On Nov. 8, voters there will pass judgment on Ballot Measure 16, which would allow doctors to prescribe lethal drugs or provide other help so that terminally ill patients could end their own lives.

Those who drafted the Oregon initiative learned from failed campaigns in neighboring states. Unlike initiatives defeated in Washington and California, Ballot Measure 16 distinguishes between doctor-assisted suicide and euthanasia.

Doctors could legally make easier the suicides of patients with less than six months to live, but could not actually inject the medication or carry out the procedure that would cause death.

The measure would also hedge doctor-assisted suicide with safeguards. A doctor's opinion that someone was terminally ill and within six months of death would have to be confirmed in writing by a second doctor.

But opponents say that even this safeguard falls dangerously short. They cite medical literature maintaining that most people seeking medical help to kill themselves are victims of clinical depression, which the average doctor is not equipped to diagnose or treat. And they question whether doctors can predict life expectancy accurately. (NYT)

Chicagoans Grapple With the Ugly Truth

WASHINGTON — The Illinois gubernatorial race has turned ugly — literally.

It started last week when posters were spotted on some downtown Chicago streets that described the Democratic candidate, Dawn Clark Netsch, as "a tax cheat" and added: "The truth is as ugly as she is."

The "tax cheat" accusation was a reference to a recent disclosure that Mrs. Netsch and her husband, Walter, owed back taxes on a Chicago apartment, but that is not what got Mrs. Netsch's attention.

Later, during a debate with her telegenic opponent, Governor Jim Edgar, a Republican, the prim 68-year-old Mrs. Netsch decided to make the most of her appearance. She trotted out a new campaign slogan: "More than just a pretty face."

Then Mrs. Netsch, the state comptroller, called in heavy reinforcements in the nonbeauty contest. She posed for pictures with Senator Paul Simon, an Illinois Democrat who has never been accused to getting ahead on good looks alone, in front of a statue of Illinois' most famous politician — the doorman Abraham Lincoln.

Mrs. Netsch accused the Edgar campaign of being responsible for the posters, an accusation the governor and his aides denied. She also began running a television commercial featuring a woman who says Mrs. Netsch reminded her of "my Aunt Thelma." But while Mrs. Netsch appeared to enjoy the self-deprecating campaign gambit, there was little evidence that it would help her close the 2-to-1 lead that Mr. Edgar enjoys in the most recent polls. (WP)

Feldstein's Risky Stand on Immigration

LOS ANGELES — Saying it might cost her re-election, Senator Dianne Feinstein has declared her opposition to a hotly disputed California ballot proposal aimed at controlling the flood of illegal immigrants across the state's southern border.

"It raises state and federal constitutional issues and makes no provision whatsoever to deport illegal aliens and reduce



Dianne Feinstein is opposing an immigration issue.

their number," the Democratic senator said of the proposal, which is supported by Representative Michael Huffington, her Republican opponent in a closely contested Senate race.

The ballot initiative, Proposition 167, which would strictly limit state government services available to undocumented aliens, has strong support among voters, polls have found, and is already a major factor in the race for governor, the other big election contest in California this fall.

In addition to denying illegal aliens most government social services, including schooling and nonemergency health care, the initiative would require that school and health officials determine whether recipients of their agencies' services were legal residents of the United States and report to the immigration authorities those who appeared not to be. (NYT)

Quote/Unquote

President Bill Clinton on Oliver North, the former Reagan administration aide who was involved in the Iran-contra scandal and is now running for Senate from Virginia: "I noticed the other day he said that I wasn't his commander in chief. Someone asked me if it bothered me. I said it didn't bother me nearly as much as the fact he didn't act as if Ronald Reagan was his commander in chief, either, when he had a chance." (NYT)

'Big Daddy' Roaring in Florida Race

By William Booth
Washington Post Service

OCALA, Florida — "Big Daddy" Don Garlits, drag racing's undisputed lifetime champion whose car cowlings were emblazed with the words "God is Love," has set his sights on Congress, convinced that the country is sliding without a drag chute into a socialist epoch.

If Big Daddy is elected to the House of Representatives, Congress will gain a man whose name is a registered trademark and whose fans consider him a nitromethane-sucking, drag-racing god. The racing world holds its breath. So do Democrats.

The flamboyant, anti-tax and hang-em-high conservative Republican is running full-out in a nose-to-nose match race against a freshman representative, Karen L. Thurman, a Democrat, in Florida's fifth congressional district, one of the most conservative and rural regions in the state.

It is a nine-county district "where the golf carts got gun racks," as the Florida Democratic Party executive director, Linda Russell, put it, a district filled with horse farms, retirees, orange groves and backwoods.

Yet, although it is tempting to see Big D's race as a colorful but thin slice of American politics, the national Democratic and Republican party hierarchies see

something bigger. For here is an unvar-

nished folk hero plugging into deep resentments over a political culture that many see as too soft, too greedy and too out of touch to do the necessary job of whacking taxes, slashing welfare and executing prisoners.

"I keep reading in the newspapers about how I'm not really that mainstream," said Mr. Garlits, 62, who advocates "more medieval-style" prisons and quicker executions and who The St. Petersburg Times called a higgedy mohouth. "But everyone I meet keeps telling me they agree with everything I'm saying."

Polls by both Democrats and Republicans show Mr. Garlits slightly trailing Ms. Thurman, 43, a former math teacher and a conservative Democrat. Mr. Garlits claims he is gaining, particularly among conservative Democrats in west-central Florida between Gainesville and Tampa.

"I think this country needs to start kicking some butt," said Mr. Garlits' former arch-nemesis, Shirley Muldowney, the first woman to race high-performance top-fuel dragsters, appropriately painted pink. "And Don Garlits is a strong man, he backs up what he says. And I think the country needs him."

Although Republican leaders in the state have winced at some of Big Daddy's recent pronouncements, his fans see a

straight-talking anecdote to Washington doublespeak — a man in a flame-retardant jumpsuit willing to stomp on the accelerator.

Mr. Garlits, like many of his constituents, comes from a bumble background. His father was an inventor of the electric iron who became a nutritionist-healer and nudist, moved to Florida for his health 14 years ago, raised oranges and went bust during the Depression.

Mr. Garlits remembers skipping school in Tampa, wearing leather jackets ("we weren't Boy Scouts") and the birth of hot-rodding in the 1950s, when America fell in love with the automobile and Mr. Garlits and his friends hopped up their old Ford coupes and drag-raced down the nighttime farm roads of rural Florida, keeping an eye out for the local sheriff.

Mr. Garlits is not proud of his illegal hot-rodding days. He now advocates public paddling of juveniles in town squares as a partial remedy for truancy and other misdemeanors.

Mr. Garlits has been branded by the Democratic Congressional Campaign Committee as "a cross between David Koresh and David Duke."

On the campaign trail, Garlits does not often mine his drag racing days for metaphor. But the voters know all about his racing career.

CIA Cites 2-Year Delay In Exposing Ames as Spy

By Walter Pincus
Washington Post Service

WASHINGTON — The identification of Aldrich Hazen Ames as a spy may have been delayed by at least two years because the agency's counterintelligence center allocated only one part-time investigator to look into the veteran officer's sudden show of wealth.

The delay in conducting a thorough financial analysis of Mr. Ames "represents one of the most glaring shortcomings of the molehunt," the agency's inspector-general, Frederick P. Hitz, said in a 28-page summary of his report on the case.

The summary of Mr. Hitz's

400-page classified report focuses heavily on the investigation of failures of a Central Intelligence Agency molehunt that began in 1985, when the director of operations realized the agency was losing "a significant number of CIA Soviet sources."

The declassified summary does not detail the individuals

or operations disclosed by Mr. Ames. But it does say that in June 1985, when he delivered his major gift to the Soviets — the identification of more than 36 U.S. and allied paid agents

— Mr. Ames wrapped up five to seven pounds of cable traffic "and carried them out of headquarters to deliver to the KGB."

After a colleague pointed out that the once-broke Mr. Ames returned to Washington in 1989 from a three-year tour in Rome and "made no special efforts to conceal his newly acquired wealth," his bosses began a background investigation.

The financial inquiry "faltered over resources limitations and priority conflicts," Mr. Hitz said, and was not completed until mid-1993.

"If the financial inquiry had been pursued more rapidly and without interruption," Mr. Hitz said, "significant information about Ames' finances would have been acquired earlier."

Away From Politics

• A former CIA spy chief, Clair E. George, lost his bid to have a special appellate court panel authorize the payment of nearly \$1.3 million in fees to his attorneys by the government. Mr. George was convicted for lying to Congress about his knowledge of the Iran-contra scandal. He had said taxpayers should pay his bills because President George Bush pardoned him in 1992.

• The NAACP has reached a settlement with its former executive director, Benjamin F. Chavis Jr., ending a lawsuit in which Mr. Chavis said he had been wrongfully dismissed. Details were not disclosed. Mr. Chavis had sued the National Association for the Advancement of Colored People after its board dismissed him in August. The board said he exceeded his authority by secretly settling with a former deputy, Mary E. Stansel, who had accused him of sex discrimination.

• A drug-trafficking and murder suspect, who jumped bond and fled the United States after receiving a heart transplant, has been arrested, the U.S. Marshals Service said. Bartolomeo Moya, 37, was arrested after boarding an American plane in Santo Domingo, Dominican Republic.

• Crews worked to clean up crude oil and gasoline along the flood-swollen San Jacinto River in East Texas. Federal officials said they believed debris on the river, overflowing after torrential rains last week, punctured five pipelines, spewing gasoline, diesel fuel and crude oil into the waterway.

• A TWA McDonnell Douglas 80 jet made an emergency landing in Allentown, Pennsylvania, after the pilot shut off one of the plane's two rear engines. No injuries were reported among the crew and more than 100 passengers aboard. The plane was on a flight from St. Louis to New York.

AP, WP, NYT

EU UPDATE

Air Traffic in Italy

... air traffic controllers in Italy have been on strike for four hours to protest what they say is a lack of working conditions.

Strikes by sections of civil service pilots and air traffic controllers in Italy with an appeal to the European Commission to impose strict rules against strikes by civil servants.

Strikes by sections of civil service

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Q & A: Rebuilding Cambodia

Prime Minister Is Dismissive of Khmer Rouge

Eighteen months after elections supervised by the United Nations restored democracy to Cambodia, the country is struggling to press ahead with development while keeping the Khmer Rouge at bay. Prince Norodom Ranariddh, the most senior of Cambodia's two prime ministers, discussed the situation with Michael Richardson of the International Herald Tribune.

Q. Can the Khmer Rouge make a comeback?

A. No. Remember that they boycotted UN-supervised elections in May 1993. They are isolated from the Cambodian people and from the national government. They are committing crimes and atrocities in the villages they occupy. No one wants them back.

The international community, which made such a big effort to restore democracy in Cambodia, will not allow the Khmer Rouge to return to power. President Bill Clinton has written to me giving an assurance that the U.S. will never allow Pol Pot and his guerrillas to take over Cambodia again.

China no longer supports the Khmer Rouge as it once did. Even Thailand dotes not support the Khmer Rouge as openly as before. Cambodia plans to join ASEAN, the Association of South East Asian Nations. That will provide more safety for us and make life even more difficult for the Khmer Rouge.

Q. But don't the guerrillas control considerably more territory today than when they tried unsuccessfully to enforce a boycott of the UN-supervised elections?

A. No. At present the Khmer Rouge control around only around 5 percent of Cambodia and 5 or 6 percent of the population. They may have a maximum of 6,000 or 7,000 men with arms, including local militiamen, although I think the actual number is not more than 3,000 or 4,000.

The Khmer Rouge have been able to strengthen their position in certain areas thanks to the weakness of the former UN temporary administration in Cambodia. It demobilized and destroyed between 20 and 30 percent of the weapons of the

former government's army and the forces of the two nationalist parties that contested the elections, but was not able to disarm any part of the Khmer Rouge. We have asked the U.S. to replace the arms taken away by the UN but have not received an answer.

Q. Is the Cambodian Army an effective fighting force?

A. Our armed forces are too big because we were obliged by the UN to amalgamate the Vietnamese-trained army of the former government and the non-Communist armies of the two nationalist parties.

It was very difficult to mix them together. We had 1,786 generals. Instead of a pyramid, we had a rectangle whose head was as big as its feet.

Under our reform program we have reduced the number of generals to 91. We are reducing the overall size of the regular army from 130,000 to a maximum of 50,000. We are training the army to make it more professional and united.

We are also training small-unit commando forces to send into Khmer Rouge areas to create trouble.

However, rural development will be the key to our success. Instead of fighting, the bulk of the Cambodian armed forces should concentrate on reconstruction of the country, building or upgrading rural roads, bridges and irrigation systems to open up even the most re-

mote village. The military has to help the people.

Q. Are you seeking a military solution to the Khmer Rouge problem?

A. We need weapons and arms to contain the Khmer Rouge and provide security to our people so that development can go ahead.

But the real problem of Cambodia is not the Khmer Rouge. It is the poverty of the people. When we win the war against poverty, we will be able to solve other problems, including the security problem. With international assistance, we must intensify our rural development program to improve local administration, education, health and economic production.

Q. Critics say your government is weakened by factionalism and corruption and that this is playing into the hands of the Khmer Rouge. How do you respond?

A. We inherited from the UN not just a coalition army but a coalition government and administration. The UN temporary administration wanted me to use the structure of the former government. So far, I have not been able to replace the head of department of any ministry.

Reforming the administration to make it smaller and more efficient is a slow and difficult process. But we are making considerable progress.



The Associated Press
The five officials hiding their faces Sunday after being arrested for failing to repair the bridge that collapsed, killing 32.

Seoul Officials Accused of Hiding Bridge's Defects

The Associated Press

SEOUL — Prosecutors arrested five Seoul city officials and were investigating other senior administrators Sunday for possible negligence in a bridge collapse that killed at least 32 people.

The five officials, who work in the city's construction office, were charged with failing to repair the bridge and concealing the amount of work that

needed to be done, prosecutors said. One of the arrested officials told the police that the city did not repair the bridge, after engineers said the 17-year-old structure was dangerous, because a lack of funds.

The arrests came as President Kim Young Sam was reportedly planning to reshuffle his cabinet in response to public anger over the collapse, government

sources said. The sources, who requested anonymity, said the reorganization was expected to affect the prime minister and the construction minister, among others.

A large section of the Songsu Bridge collapsed during the morning rush hour Friday, sending a packed city bus, a police minivan and several cars plummeting into the Han River. At least 32 people were killed and 17 injured.

Nuclear Pact's Hidden Agenda: Tie North Korea to Neighbors

By R. Jeffrey Smith
Washington Post Service

tions to make dozens by the end of the decade.

But a less obvious U.S. aim was to open the isolated, xenophobic nation to outside ideas to move its economy toward

NEWS ANALYSIS

capitalism and to encourage it to develop stable economic and political relations with South Korea and Japan, neighbors with which it has little trade or direct contact.

"It will allow us to step into a new political era, a policy that will pull us into the next century, not only with North Korea but with all of Northeast Asia,"

a U.S. official said of the nuclear deal. As people get enmeshed in the realities of working together to carry out the deal, he said, "it will accelerate a series of political changes there that are already under way."

The accord, signed Friday in Geneva, includes what a U.S. official referred to as an important "crownbar" to help open North Korea to outside influence: a \$4 billion project that will bring in hundreds of workers from South Korea, Japan and perhaps China to help build two advanced nuclear reactors over the next decade. The novelty of conducting such a huge foreign-run construction

project in a nation with an almost religious commitment to self-reliance can hardly be overstated, U.S. officials say.

Despite its often bitter denunciations of foreign interference in its domestic affairs, North Korea's regime finally seems to have embraced the idea that it can no longer pursue its policy of isolation, the officials add. It transparently sought to revive its declining economy by using its nuclear program as leverage to win the reactor project and other new economic and political ties with Washington.

Will North Korea's decision to accept an influx of foreigners and — necessarily — unfamiliar ideas also spell the destruction of its hard-line Communist political system? Or will North Korea's leaders seek to transform their system in the pattern of China and Vietnam, embracing a mixture of both communism and capitalism that tries to keep foreign political ideas at arm's length?

Many U.S. analysts said changes are unlikely to occur overnight. North Korea re-

mains one of the world's most closed and repressive societies, and membership in the Communist Party is still commonplace, unlike in the Soviet Union before its dissolution. These analysts expressed skepticism about South Korean claims that North Korean leaders could be toppled forcibly after foreign contacts widened pent-up social pressures for political freedom.

But two senior U.S. officials who worked on the deal said that it was made with the eventual dissolution of the present North Korean regime in mind.

Such an event, they said, would ensure that the country carries out its long-term obligation to dismantle all worrisome nuclear facilities and allow the international inspections that North Korea first rejected in February 1993.

One of the officials depicted as mere "theoretical gamesmanship" by some U.S. analysts that North Korea could pocket the two new reactors, expel international inspectors and restart its nuclear bomb program in 10 years. The official said

that the decade-long period covered by the accord is almost certainly a sufficient period of time for their regime to have collapsed." And after the regime's collapse, he added, "the country simply won't exist" because it will be absorbed by South Korea.

Some critics suggest this view is naive and assert that the deal does not go far enough in pressuring North Korea's leadership to move toward a more accommodating posture. They note that North Korea's hard-line leadership has displayed remarkable staying power in the face of international pressure and economic deprivation.

Several U.S. officials who took part in the negotiations said they sensed a significant change of heart by the North Korea government, or at least a victory by moderates in the leadership who support a more pragmatic foreign policy. They noted that only days before the deal was completed, senior North Korean military leaders had publicly stated they would never allow some of the international inspections the accord demands.

Shalikashvili Wary of North Koreans

Washington Post Service

MANILA — North Korea shows no sign yet of defusing a "very explosive situation" created by the huge deployment of conventional forces near the border with South Korea, the senior U.S. military officer said.

The officer, General John M. Shalikashvili, chairman of the Joint Chiefs of Staff, said Saturday that he was "well satisfied" with a U.S.-North Korean nuclear agreement signed in Geneva on Friday.

But he said that the country's large conventional offensive capability continues to pose "a considerable threat" and that there was no sign that Pyongyang's secretive leadership has

abandoned designs on conquering South Korea.

General Shalikashvili, 58, in Manila for talks with President Fidel V. Ramos, said the cancellation by the United States and South Korea of the 1994 joint military exercises scheduled for next month was "the prudent thing to do right now."

But he indicated that he wanted to see the 1995 maneuvers go ahead as scheduled in March.

North Korea in the last few

years has been building an offensive capability that is "very threatening" to the United States and South Korea, the general said. "They have embarked on a very rapid development of an extensive long-range artillery program," he added.

Guns capable of reaching

Scout and of causing "great devastation" have been massed along the Demilitarized Zone and placed in well-protected caves in mountainsides, he said.

North Korea is also building

"one of the world's largest unconventional warfare capabilities whose only purpose is to be offensive in nature," General Shalikashvili said. He said this consisted of about 60,000 special forces. These forces include airborne units, naval components close to the DMZ on both coasts and ground units trained in penetrating the world's most heavily fortified border.

The spokesman for the Foreign Ministry, Irawan Abidin, said in a telephone interview that criticism of Indonesia's rights record reflected the views of only a "handful of people" and that the timing of the new reports was meant to embarrass Indonesia.

"I would say that we do have human rights in Indonesia," the spokesman said. "We are not perfect, but we are trying to improve."

He noted that the government had recently allowed United Nations investigators to visit the disputed territory of East Timor. Indonesia's foreign minister, Ali Alatas, also opened negotiations this month with East Timor independence leaders.

The International Confederation of Free Trade Unions, an umbrella organization for labor groups, joined the protest this month with a report detailing the Suharto government's efforts to crush an independent union movement. The report accused the government of "a flagrant breach of internationally recognized standards on freedom of association and the right to organize."

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leaders.

Health groups said the region

may get a three-month respite

from the outbreak as cold

weather kills the mosquitoes.

"We expect the current out-

brea to be over by the third

week of November because of

the cold," Mr. Unnikrishnan said.

"But the deadly mosqui-

toes will breed again next year."

Health groups blamed a new

irrigation canal and recent

heavy monsoons, rare for the

mostly desert region, for a

sharp increase of malarial mos-

quitoes.

Mr. Mohnot said Mr. Rathore's lower death toll was based

on an inadequate survey of the

region by government health

officials.

"They visited just a fraction

of the villages and their assess-

ment is based on a survey last-

ing less than a week," Mr. Moh-

nnot said.

(AP, Reuters)

Warnings On Rights Abuses in Indonesia

By Philip Shenon
New York Times Service

BANGKOK — Less than a month before President Bill Clinton travels to Indonesia for a meeting with Asian leaders, human-right groups are warning of a deterioration in human rights there, including the recent banning of newspapers and magazines, stepped-up harassment of labor activists and new instances of torture by the military and the police.

Diplomats and human-rights groups say Mr. Clinton's visit may be part of the reason the government of President Suharto is eager to silence critics during the meeting of the Asia-Pacific Economic Cooperation Forum, which starts in November.

Among the recently muzzled publications are the nation's most prominent news magazine, *Tempo*, and two of its hard-hitting competitors, all of which were ordered shut down over the summer. The move was described by Indonesian journalists as the most serious blow to free speech in Indonesia in decades.

Human-rights groups, disappointed by Mr. Clinton's decision in May to retain trade privileges for China despite human rights abuses, worry that he will offer similar treatment to Indonesia, a huge archipelago nation of more than 190 million people with a booming economy.

"The message to China and the world was that human rights will be the sacrificial lamb to trade," Amnesty International said in a statement issued in September with a report on human rights abuses in Indonesia. "That message is now in danger of being played out again in the U.S.-Indonesia dialogue."

The Clinton administration has announced that it will not raise rights issues at the meeting.

In anticipation of the meeting, which will be attended by leaders of most of the major Pacific Rim nations, rights groups have issued reports intended to remind the leaders of the record of their Indonesian hosts.

Amnesty International said in its report that Indonesia was "a country ruled with an iron rod, where dissent is punished by imprisonment, torture and death."

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Warnings On Rights Abuses in Indonesia

By Philip Shrivell
NEW YORK — Last week, after President Suharto met with Amanullah, a leader of the anti-government group Ansor, he issued a statement that included a warning of "grave consequences" if other anti-government groups and the police "try to interfere." Mr. Clinton, the president of the new Clinton Center, eager to underscore his commitment to democracy, which starts with the protection of human rights, stepped up his own sources of information and the press, especially and increasingly, to demand that the government do more to free speech and freedom of assembly.

The recent events are the latest development in a long-standing competition between the summer Thorbecke Center, which stands as the most sensible and effective way to handle speech and freedom of assembly, and the Clinton Center, which stands with the recent developments as the most important and the most threatening competitor.

Human rights groups, represented by Mr. Clinton, have been working to return to the United States to their original base, while similar movements around the world are also working to return to their original base.

The message to the world was that the United States will be the last country to trade.

American scholars had in a study released in September written on human rights issues.

"That message

is the message of being part of the U.S. system.

The Clinton Center has announced that the human rights issue at the

center of the

center's work will be the



A boy struggling with a Haitian man after the youth tried to cut into a line of people waiting for water in Port-au-Prince.

AMERICAN TOPICS

Taking the Historic View Of the U.S. Homicide Rate

Homicide rates are indeed high in the United States, but they were higher still in Europe during the Middle Ages. The findings were reported this month at the annual conference of the Social Science History Association here in Atlanta.

Eric H. Monkkonen, a professor of American urban history at the University of California at Los Angeles, said:

"What we are finding is that violence is not an immutable human problem."

There really has been a "civilizing process" in which, scholars say, an increase in state power and courtly manners beginning in the 16th and 17th centuries helped curb impulsive, violent behavior.

New data presented at the conference by a Dutch scholar, Pieter Spierenburg, showed that the homicide rate in Amsterdam, for example, dropped from 47 per 100,000 people in the mid-15th century to 1 to 1.5 per 100,000 in the early 19th century.

By contrast, the 1993 homicide rate in New York City was 25.9 per 100,000. The 1992 national homicide rate for the United States was 9.3 per 100,000.

Short Takes

When Jeff Burrey reserved a table for four at David's in Columbus, Ohio, last New Year's Eve and neither showed up nor canceled, the restaurant owner, David Pelzman, sued him for \$440. Mr. Pelzman calculated that he would have taken in \$240 from the party of four on one of the busiest nights of the year, and that he spent \$200 more tracking down Mr. Burrey. The lawsuit was dropped when Mr. Burrey's lawyer said the defendant had made a donation to the Mid-Ohio FoodBank. Mr. Burrey said, "I've learned that you should always cancel a reservation."

What to give children on Halloween? Candy is hard on their teeth, although Kathleen Zelman, an Atlanta dietitian, says, "While candy's fine in moderation, there are some other things out there that kids love to receive: pencils, stickers, little rings they can wear, boxes full of cereal, things you can put in kids' lunch boxes — they love to get juice boxes. It's kind of fun to come home and open your bag and have something other than candy."

In blue shirts all too often showed stains from the jelly doughnuts officers ate for breakfast and the pizza they ate between patrols.

Speaking of uniforms. Charles Moskos, a military sociologist at Northwestern University, advises President Bill Clinton that when he is saluted by the military, he should, as a civilian, stop saluting back. "Avoid saluting," Professor Moskos urges. "This is an innovation introduced by Ronald Reagan and has no historical precedent for a commander in chief. Each salute only accentuates the president's nonmilitary background." Mr. Moskos was an architect of the president's "don't ask, don't tell" policy on homosexuals in the military.

Changing a 22-year policy on uniforms, the New York police department will require that the current powder blue shirts be replaced by navy blue within the coming year. "The department switched from navy to powder blue in 1972 to give the force a softer look after race riots that broke out in cities across the country," The New York Times reports. The Times goes on to say, "But police officials said they found that light

International Herald Tribune

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YOUR RESPONSE:

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JOB TITLE: _____

COMPANY: _____

ADDRESS: _____

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- (1) Airline tickets are non-transferable and seats subject to availability.
- (2) Travel must be completed by December 31st, 1995.
- (3) Entry must be postmarked no later than November 7th, 1994.
- (4) Valid only where legal. No purchase necessary.
- (5) Entries will not be accepted from staff and families of the IHT newspaper, Delta Air Lines, their agents and subsidiaries.
- (6) No correspondence will be entered into. Proof of postage will not be accepted as proof of receipt.
- (7) No cash alternative to prizes.
- (8) Winners will be drawn on November 15th and published thereafter in the newspaper.
- (9) On all matters, the editor's decision is final.
- (10) The editor reserves the right in his absolute discretion to disqualify any entry, competitor or nominee, or to waive any rules in the event of circumstances outside our control arising which, in his opinion, make it desirable to cancel the competition at any stage.

Aristide in His Palace: A Captive of Hope

By Catherine S. Manegold
New York Times Service

PORTE-AU-PRINCE, Haiti — Three years after President Jean-Bertrand Aristide became a prisoner of exile and a week after his triumphant homecoming, he is struggling to repair a government so ramshackle that on his first night back he took his bath in the National Palace with a bucket and a cup.

By Wednesday, the lack of running water made bathrooms so foul that a cabinet minister said he had to roll up his pants to keep from ruining a good suit. Carpets are dirty, walls scuffed, and the temperature in some rooms soars past 90 degrees Fahrenheit (32 centigrade) because the air conditioning does not work.

There is no respite. When the president tried to leave the palace last week, his car was mobbed by supporters desperate for a glimpse of this man who once stirred hope with fiery words. He did not join them but retreated behind the lines held by U.S. soldiers. He has not left the palace since.

Even when he stands outside, gazing at the street where tens of thousands welcomed him with songs and screams Oct. 15, he stands behind a shield that many Haitians see as a signal of his new status, the semi-transparent hand of Washington — part protection, part control.

Now, secure within the palace grounds, behind its tall green fence and long expanse of lawn, in a mammoth white building once hung with canvases by French

impressionists but now stripped and dirty, Father Aristide presides over a government that can barely function in a country famous for despair.

As he stays out of public view, Haitians are waiting to see if he has made the change from priest to politician. They are watching, too, for signs that three years in Washington quenched his fire and made a puppet of a defiant populist.

The nation is waiting for him to appoint a new prime minister and fashion a government that can channel hundreds of millions of dollars in foreign aid to build roads, open hospitals, renovate schools, replant barren mountainsides and tend to the overwhelming needs of 6 million people. But the president is taking his time.

Already, there are signs of transformation. While absent from public view, he has shown a more statesmanlike manner inside the palace, visitors say. At a cabinet meeting Wednesday, after a welcome and a description of that sponge bath on his first night, he said: "I cannot believe I am here. Is it true?" But he then conducted a crisply professional meeting at which each minister provided a grim outline of the work ahead.

So far, he has kept his public words to soothing calls for peace and reconciliation. His private meetings are dominated by talk of investment, growth and industry. Hour by hour, as others wait outside, he meets with politicians, ministers, old

friends and the foreign officials who ushered him home and now promise aid.

Once reviled by the business class as an irresponsible demagogue who could excite crowds but not provide a plan to help them, Father Aristide now needs to show that he can be a technocrat and guide as well as an inspiring speaker.

"You have to remember that the coalition that brought him to power is not the same coalition that brought him back now," said a prominent intellectual under consideration for the prime ministership. "He will not be the first politician to change course. That is the bread and butter of politics."

Top Choice Is Dropped

Under pressure from political opponents and the business community, Father Aristide dropped his top choice for prime minister and was considering on Sunday a more moderate candidate. The Associated Press reported from Port-au-Prince.

The front-runner, Claudine Werliegh, the interim foreign minister, was ruled out because of her leftist stance. Father Aristide now was leaning toward a prominent businessman to replace the caretaker prime minister, Robert Malval, a source close to the government said.

Such a choice could placate business leaders and many in the middle and upper classes who feel threatened by his return.

There was no word on when the president might announce his choice.

RADIO IN THE LOCAL LOOP (RLL) PROJECT IN HUNGARY Prequalification Notice to Prospective Suppliers

The Hungarian Telecommunications Co. Ltd. (HTC) is to extend the use of RLL systems nationwide in the Hungarian telecommunications network. One or more suppliers will be awarded from among qualified bidders invited by HTC to participate in a tender planned to be issued in the near future.

The project, planned to be implemented in 1995 through 1997, will have the following main characteristics:

Magnitude:

Overall number of subscribers served with RLL systems throughout the country (irrespective of the number of awarded suppliers)

approximately 200,000

Field of application:

Typical coverage areas towns, suburbs, rural areas

Subscriber density a maximum of 150 subscribers per square km

Traffic and service characteristics per subscriber:

Grade of service 99 % (1 % blocking rate)

Traffic per subscriber 66mErl

Average holding time per call 120 s

Number of calls during the busy hour 2

Frequency band:

Downlink 935 ... 942.5 MHz

International Herald Tribune

Published With The New York Times and The Washington Post

The Murayama Surprise

Japan's Socialist-conservative coalition government was laughed off in June as a cynical and unworkable union of opposites. The government is actually working out surprisingly well.

Prime Minister Tomiichi Murayama, a Socialist, and his Liberal Democratic and independent partners have fashioned a stable majority that sharply contrasts with the almost weekly cabinet crises of last winter and spring. The new government has found enough coherence to reach a limited trade agreement with the United States. Most important, it has given Japanese voters a second vehicle for advancing political and economic reform.

One-party politics was the root of Japan's present political discontent. Now, two modernized, broadly centrist coalitions are taking shape — the present coalition and the cluster of parties, soon to merge, that supported the recent governments led by Morihiro Hosokawa and Tsutomu Hata.

The new coalition has prospered because its two very different elements both responded to voter desires and updated their programs. The Socialists, in office for the first time in four decades, have dropped their strict interpretation of Japan's U.S.-sponsored peace constitution; that let them come to terms with realities like Japan's postwar armed forces, UN peacekeeping and nuclear power. The Liberal Democrats, the permanent ruling party from 1956 to 1993, have learned to talk the language of reform rather than

— THE NEW YORK TIMES.

A Defendable Deal

It is evident that the nuclear deal between the United States and North Korea has some very big flaws. It pays North Korea, and handsomely, for returning to the nonnuclear obligations that it took on and violated and that ideally should not have had to be paid for at all. Nor is there ironclad assurance that this "framework" agreement between two wary states that do not even recognize each other will uncover weapons or weapons-grade nuclear materials already in hand. The accord sets an international precedent that lets the North Koreans keep hiding for years the very facilities whose inspection would show their nuclear cheating to date.

How can such an agreement even be defended? It can be defended because, by permitting immediate inspection of sites where known nuclear work is going on, it enables the United States to accomplish the urgent business of freezing and dismantling a major "strategic" program that was running free and that could have produced plutonium for hundreds of bombs and a full-fledged nuclear capability. The accord also at least makes possible the later rollback of a prior and less menacing North Korean program that may already have turned out one or two — it is not clear — warheads.

Can either of these ends in fact be achieved? The question persists because North Korea has a record of lying and cheating on matters nuclear, and events have shown that the United States' natural partners in reacting to such conduct — China, Japan and South Korea — wobble away from economic sanctions, "never mind military enforcement." So

— THE WASHINGTON POST.

Again, Killing in Rwanda

When Rwanda's Hutu-led government slaughtered hundreds of thousands of Tutsi six months ago, the world watched helplessly and was embarrassed by its helplessness. French forces belatedly intervened on a UN humanitarian mission, but this was not the United Nations' finest hour. Eventually, a Tutsi-led rebel army drove the genocidal Hutu regime from power. Now there are disturbing reports from the UN high commissioner for refugees and Amnesty International that Tutsi forces are taking murderous revenge against Hutu civilians. The UN bureaucracy, it seems, would rather not hear about it. But these new charges deserve serious international attention and more.

This time the world need not be helpless. The new Rwandan government depends on continuing international assistance and is thus responsive to external pressure. Meanwhile, the underlying problem of identifying and punishing those guilty of last spring's massacres cannot be left to local troops in the field. A report prepared last month by the high commissioner for refugees, but never officially released, found that the new Tutsi-led Rwandan government and its military forces were systematically harassing and killing Hutu. The office of the high commissioner is not a human rights agency but is responsible for advising Hutu refugees whether it is safe for them to return home. Nevertheless, the report displeased UN headquarters, which did not want the high commissioner speaking

— THE NEW YORK TIMES.



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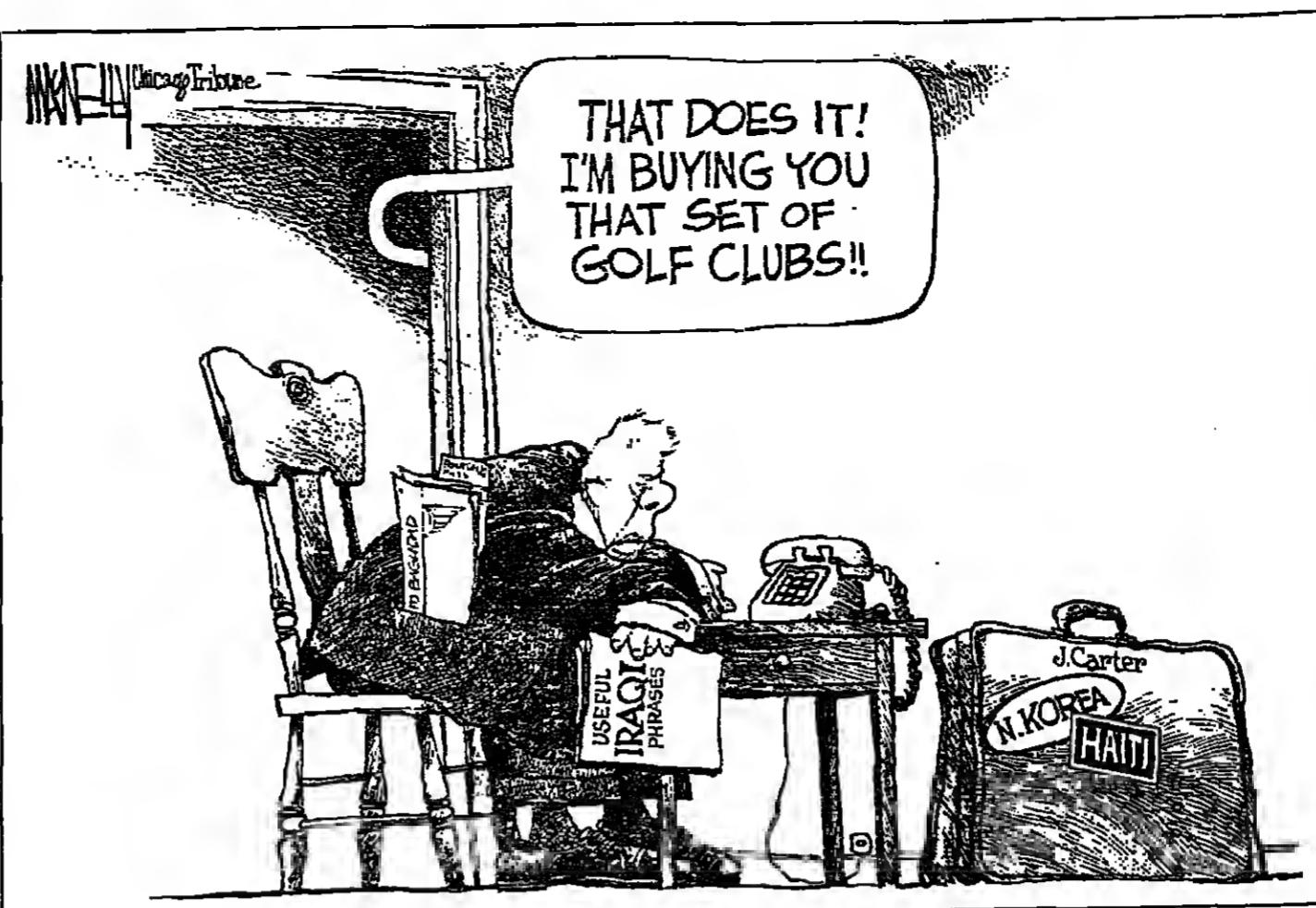
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A Sane Deal With North Korea, but There's a Big 'If'

By Jessica Mathews

WASHINGTON — It is difficult to make a little word bear as much weight as it must in this instance, but if the U.S.-North Korean nuclear agreement is ultimately carried out, it will be the most important single foreign policy feat of the Clinton administration to date, and an achievement of major strategic significance by any standard.

There are innumerable ways for the agreement to fail. The North Koreans will hesitate, backtrack, throw stones in the way and may even repudiate the agreement. They may try a double cross or two, South Korea, on whose support the deal absolutely rests, may be unable to swallow a deepening U.S.-North Korean relationship, and for domestic political reasons be unable to produce the needed financing. One serious U.S. misstep in the delicate balancing of the torn halves of the peninsula could torpedo the deal.

The list can be lengthened almost at will.

But if the plan holds up, the gains are equally sobering. A potential new nuclear power — and a certain spark to a nuclear arms race touching Japan, South Korea, Taiwan and China — will have been removed. A nuclear exporter willing to sell to any country or terrorist group with enough cash will not be selling. A blow from which the nonproliferation regime might not have recovered will have been dodged. And the possible cause of a second Korean War will have been eliminated.

For these gains the United States conceded remarkably little, and North Korea, desperate for energy to prop up its collapsing economy, a great deal. Most important, Pyongyang has accepted tighter than normal standards. Especially in light of these circumstances, the United States needs to reaffirm earlier pledges to beef up protection for the 37,000 American troops in South Korea. There must be rigid insistence on North Korea's compliance with all its nuclear obligations.

The American government could not impose its will on an independent and defiant North Korea as it could on a defeated Iraq. Washington had to negotiate. The resulting deal is far from being what it should, but it can be defended as what was available, and if enforced it can ease an ominous regional nuclear threat.

Can either of these ends in fact be achieved? The question persists because North Korea has a record of lying and cheating on matters nuclear, and events have shown that the United States' natural partners in reacting to such conduct — China, Japan and South Korea — wobble away from economic sanctions, "never mind military enforcement." So

effort and the cost of some oil in an attempt to avoid nuclear conflict.

There is one cost that neither this nor any other negotiated end to the North Korean crisis could have avoided, and that is the message to other would-be proliferators that if they can get far enough along before being discovered, a covert nuclear program is the ultimate bargaining chip. That opportunity was lost long before the Clinton administration took office, as the IAEA let itself be dabbled by Pyongyang for seven years and the United States took no effective action for even longer.

The task for the international community now is to undercut that precedent by demonstrating that neither Nuclear Nonproliferation Treaty members nor nonmembers will be able to get far enough along to exploit it.

This will mean maintaining a strict regime on Iraq and North Korea, creating a more aggressive and effective IAEA through adequate funding, intelligence sharing and political support, taking a tougher stance against reckless exporters of nuclear technology and, far most important, establishing that, henceforth, early steps toward a weapons capability, even if legal under the treaty, will be seen and responded to as a direct threat to international security.

Implementation of the agreement will not be smooth; setbacks are the rule when dealing with Pyongyang. But there should be no doubt that if its terms can be sustained, the deal is a solid win for world peace.

The Washington Post

A Risky Nuclear Gamble Worth Taking

BILL Clinton says that the deal, while risky, is better than a war. There is much to be said for that view — always assuming that the nuclear bargain is made in good faith and will be carefully policed and kept.

One collateral test of the process will be what temptations it offers to other outlaw states. Will they, too, catch the gravy train?

The rationale of the nonproliferation treaty remains a powerful and simple one. There is no great profit in being a nuclear power, all the less if it arouses more powerful and resourceful neighbors (Japan and South Korea, in this case) to take offsetting steps.

For a time after World War II there was a minor school of thought in Washington that the U.S. atomic monopoly would be a "gun at the hip," reminding others at the international poker table not to cheat. It turned out that the possession of this gun was more appropriate for poker than for statecraft, since the main

is to be under continuous IAEA inspection.

In return, in addition to trade and political openings, the United States promises to supply (but not to pay for) two large new conventional power reactors that produce spent fuel lean in plutonium, and to provide heavy oil exactly equal to the amount of energy the three fission reactors would have produced until the first of the new reactors goes on line.

Before the new plants' nuclear equipment can be delivered, about five years from now, the IAEA must have cleared up the mystery of whether North Korea diverted plutonium

from weapons use in 1989 and 1990. If, in the IAEA's opinion, this requires special inspection — a step that North Korea rejected in the past — so be it. Before the first plant's completion, the spent fuel rods must be shipped out of the country. During the second plant's construction, North Korea must begin dismantling its plutonium-production reactors and reprocessing plant.

In a perfect world, one would have liked

the past to be clarified right away and the spent fuel rods removed immediately. One would wish that North Korea had not chosen to spend its nuclear leverage on new reactors, or that the agreement had spelled out how their spent fuel will be handled.

But these and other criticisms are quibbles.

The Clinton administration was right to correct its earlier mistake of insisting that what happened in the past be the first step in resolving this crisis. There is no urgency to clearing up the past, and great urgency to preventing its repetition on a much larger scale. The agreement appropriately puts that threat first.

Nor does the deal rely on trust. If the inspectors are ever interfered with, or if U.S. intelligence detects any violation, the oil deliveries and construction work on the new plants can be stopped instantly — leaving North Korea starved for energy. In this worst case, we will be back where we were last spring, having lost nothing but diplomatic

face.

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The Washington Post

Different Ethnic IQ Scores — So What Else Is New?

By Charles Krauthammer

WASHINGTON — "The black-white IQ difference [is] about 15 points in the U.S."

"In the United States, blacks of above-average socioeconomic status have not averaged as high IQ as whites of lower socioeconomic status."

"The question here is not whether differences are cultural or genetic in origin. The point is that they are real and that their consequences are real."

"So this is Charles Murray's heresy, the incendiary declarations about race and IQ that have landed him and his co-author book 'The Bell Curve' on the cover of Newsweek. The New Republic and The New York Times Magazine, and put him in the liberal pantheon of bigoted pseudoscience. Well, no."

The quotations above are from "Race and Culture," published just two months before "The Bell Curve." The author is Thomas Sowell, the Stanford economist and social scientist. Mr. Sowell is black. And his interest in ethnic differences is even broader than Mr. Murray's.

Starting with Cicero's observation 20 centuries ago that Britons were too stupid to make good slaves, Mr. Sowell offers a worldwide survey of ethnic differences in intelligence. He points out, ethnic Chinese schoolchildren outperform the English in Hong Kong, the Malays in Singapore, the Indonesians in Indonesia. In the United States, East Asians outperform whites.

"Among Indians in colonial Malaya, for example, Tamils had higher scores than Gurkhas, and both had higher scores than Bengalis in Bengal." In math, he

points out, ethnic Chinese schoolchildren outperform the English in Hong Kong, the Malays in Singapore, the Indonesians in Indonesia. In the United States, East Asians outperform whites.

"It is they who have oppressively insisted that we measure ethnic 'over-' and 'under-' representation in every possible field of human endeavor. To take only the latest example, on Sept. 26 the federal government proposed that banks making small business loans be required to ask the applicant's race and gender.

"Not a month goes by when I do not get a survey of some sort in which I am asked to identify my-

propose this today. But it was not naive when first proposed by Martin Luther King and accepted by a white society that was finally converted to his vision of color-blindness. Instead, through guilt and intimidation, a liberal establishment has since mandated that every study of achievement in American life be broken down by race. "The Bell Curve" takes that to its logical conclusion.

In fact, Mr. Murray is obsessed by class. "The Bell Curve" is a powerful, scrupulous landmark study of the relationship between intelligence and social class, which is what the book is mainly about. It is secondarily about differences among ethnicities (they are not addressed until chapter 13), which is what the fuss is about.

I have two difficulties with the book. First, I see no reason to assume that group differences in intelligence, as opposed to individual variation, have anything to do with genes. The more plausible explanation is Mr. Sowell's: ethnic differences in intelligence, which change over time (the British have come up smartly since Cicero), are due to culture, that part of the environment which, unlike socioeconomic status, is unmeasurable.

Second, I have trouble with Mr. Murray's recommendations about what to do with the fact of inequality. He offers a kind of conservative multiculturalism in which each ethnicity finds its honored niche in society according to its own areas of excellence and distinction.

I distrust all multiculturalism, liberal or conservative. The Balkans amply demonstrate the perils of balkanization. My answer is simpler. Stop counting by race. Stop allocating by race. Stop measuring by race. Let's return to

measuring individuals.

It seems hopelessly naive to

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Falling Cat Study

PARIS — Until the days of Sir Isaac Newton, no one could satisfactorily explain why an apple falls off a tree. Newton, however, failed to discover one thing — why a cat, if thrown into the air, always reaches the ground feet first, downwards. This question is now occupying the French Academy of Sciences. The discussion was initiated by a paper by M. Marey, who laid before his colleagues sixty photographs of a falling cat.

1919: Drama at Opera

NEW YORK — Rotten eggs thrown on the stage from boxes in the Lexington Theatre, and bricks dropped into the orchestra pit, causing the musicians to leave in haste, interrupted the performance of a German opera by the Star Opera Company last night (Oct. 22). Under the protecting

A Country Full of Soreheads

By Garrison Keillor

NEW YORK — The voters are angry. There was a front-page story in The New York Times last week about this, in which an anesthesiologist in Savannah and a retired fire fighter in Richmond each announced that he is thinking of moving to Costa Rica because of how bad things are in the USA these days.

The anesthesiologist said that in 10 years it would not be economically feasible to live in the United States. The retired fire fighter said the tax laws were more favorable in Costa Rica, you could raise your children as you saw fit, and you could defend yourself and your property.

If these angry voters believe that America is on the rocks and that Costa Rica offers them the good life, then God bless them and grant them generous tax advantages, and if the anesthesiologist wants to learn how to say "Count backward from 100" in Spanish, then God speed.

But shouldn't someone warn the Costa Ricans that these men are coming? Does Costa Rica really need a lot of Republican boat people with all their high expectations of what society owes them?

The article says that the angry, cynical voters are themselves doing O.K. financially and don't seem to be upset about specific issues. The voters' anger, say opinion polls, is due to uncertainty about the future and a feeling that they aren't getting ahead.

How can one say this diplomatically? In the adult segment of your life, Angry Voter, in the part of your life that comes after your parents kiss you good-by and kick you out, the future is always uncertain. Even in the past, the future was uncertain.

And if you don't get ahead, you aren't entitled to blame the president, the Congress, or your poor old mom and dad. This is even true in Costa Rica, I thought everybody knew this.

Back in the Vietnam era, people talked a blue streak about the system being broken — but was it?

OPINION

Kohl Again Can Be Good For Alliance and Europe

By Henry A. Kissinger

NEW YORK — Chancellor Helmut Kohl's coalition has prevailed with the narrowest margin in the Bundestag since the first German national election after the war, when Konrad Adenauer emerged as chancellor by dint of a single vote (presumably his own). Mr. Kohl is nevertheless an extraordinary achievement.

He rebounded from being behind by double digits to win his fourth consecutive election despite a major recession, in the face of a substantial tax increase in West Germany to cover the unexpectedly high costs of unification, and in the midst of the pangs of upheaval associated with the political and economic restructuring of East Germany.

In the German political system, the margin by which a chancellor is chosen is not necessarily an indication of his ability to govern. Once established by the Bundestag, a chancellor can be replaced only by a majority vote for a successor and not, as in a parliamentary system by a vote of no-confidence or a majority against specific policies.

A hostile, closely divided Bundestag can harass the chancellor, as this one surely will. And the upper house will in any event be dominated by the Social Democrats. But a positive vote to replace him remains hard to achieve. In nearly half a century, it has happened only once — when Mr. Kohl came into office in 1982.

A narrow margin did not prevent Konrad Adenauer from becoming a dominant chancellor. And it will not by itself diminish Mr. Kohl's authority, because the Kohl coalition's real margin is greater than it appears. No current leader would accept becoming chancellor through the 30 seats of the former Communist Party, which entered the Bundestag by a heretofore inoperative clause in the constitution. To change the chancellor, the Free Democratic Party with its 47 seats would have to switch coalitions.

But this is precisely why the election is likely to be viewed in retrospect as an anguished of impending upheaval in the German political landscape; in fact, as the beginning of the end of the Kohl era — an event which will bring home to Europe and to America how much Atlantic and European cohesion has come to depend on his towering personality.

He has managed the NATO missile deployment, the unification of Germany and the integration of Europe with such matter-of-factness that few remember how precarious those processes were at every step along the way.

But the election makes it likely that Mr. Kohl's coalition partner, the liberal Free Democratic Party, will at a minimum become increasingly fractious. It may even abandon the coalition altogether and switch sides by mid-term.

For the Free Democrats are having an identity crisis. They know that they scraped by in this election by the skin of their teeth; they came very close to failing to achieve the 5 percent of the total vote that is a prerequisite to entry into the federal

al parliament. They may well have crossed that hurdle primarily because Mr. Kohl's party encouraged the switch of enough of its own votes to sustain the governing coalition. And they have lost every election to state legislatures in the last three years.

The FDP seems to have reached the point which Hans-Dietrich Genscher, the former vice chancellor and foreign minister, described to me in 1980, when his party had been in coalition with the Social Democrats for more than 10 years. He said then that the FDP would have to look for an opportunity to switch during the next electoral period because if its voters became too accustomed to a permanent coalition with the SPD, they would lose interest in a separate existence and vote for the SPD directly.

That situation seems to have arisen again, although the current FDP leader does not have the manipulative skill of Mr. Genscher and would have to take into account the risk of a complete disintegration of his party if he tried to change coalitions.

But self-interest will drive the FDP toward greater assertiveness, and, at an opportune moment, tempt it to switch coalitions — for

A clear sense of identity of the Alliance and a clear definition of the European Union are needed for good relations with Russia.

Revitalizing European and Atlantic institutions would be a noble culmination of Mr. Kohl's stewardship.

which the narrow margin of victory provides the mathematical possibility, as it did not in the last Bundestag. A switch at that time would have sufficed to produce a majority for any alternative chancellor.

By contrast, if, in the wake of the recent election, the FDP joins the Socialists and the Greens, the liberals will be in a position to elect a new chancellor. Mr. Kohl's position will therefore be unprecedentedly precarious, and his government will require far greater effort than it has needed heretofore to pass its legislative program.

In addition, his own party may be tempted into succession maneuvers, although his domination of the machinery has so far squelched all would-be successors.

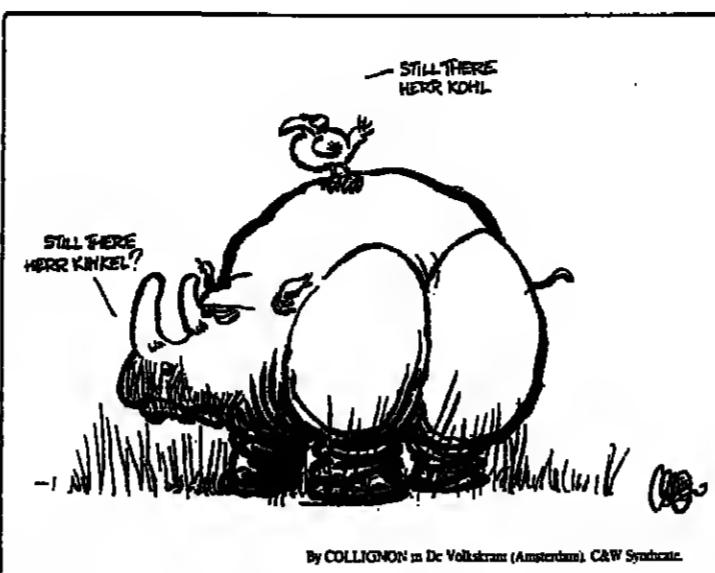
Mr. Kohl hinted strongly that, if elected, he might not serve more than two years and would hand over the rest of his term to a successor of his own choosing. But after the recent election, such a procedure could trigger the shift in coalitions by giving the FDP a pretext to reject the Christian Democratic Union's choice.

On the other hand, if Mr. Kohl serves out the course, he will have

"Sexton"; Sexton the middle-aged suburban housewife who "wore rubies and bought tomatoes"; Sexton the stressed-out mother haunted by "ugly angels"; Sexton the emotional invalid, "queen of this summer boat" known as Bedlam.

Since Sexton's suicide in 1974, others have taken up the task of explicating her life. In a startling and highly controversial move, the poet's psychiatrist, Dr. Martin Orne, turned over more than 300 tapes of her therapy sessions to the writer Diana Middlebrook.

Middlebrook in turn, drew heavily on those tapes for her 1991 biography of Sexton, creating a book that minutely chronicled the writer's emotional crises, suicidal fantasies, in-



an exhausting term as a prelude to fighting another bitter election battle, with this time, very uncertain allies constantly reviewing whether they are more likely to reach 5 percent as the right wing of an SPD-led coalition or as the left wing of a CDU coalition.

To me, these are melancholy prospects because I consider Helmut Kohl one of the seminal figures of our period. He has been a guarantee of Germany's Atlantic and European orientation and a shield against the nationalistic or romantic temptations from which his people have suffered through much of their modern history.

This does not reflect a lack of confidence in the leaders of the principal opposition party, the SPD, which proved its sense of responsibility under Chancellors Willy Brandt and Helmut Schmidt. Since then, however, its radical wing has grown far more restless; its coalition party would be the Greens, whose formal program rejects the Atlantic Alliance and a major international role for Germany. The center of gravity of such a coalition would be much further left and make the implementation of traditional Atlantic policy much more difficult.

The approaching end of the Kohl era is due not only to electoral arithmetic but to the transition in generations. Mr. Kohl is the last West German leader with a living memory of World War II and its aftermath, and for whom American help in reconstructing Europe represents a personal, indeed a sentimental, experience.

The next generation — of all the parties — will be less tied to traditional interpretations, more cool-headed about assessing national interests, and more ready to assert a national German role. This will be reinforced by the growing influence of the formerly Communist part of Germany — a region whose people lived under totalitarianism for 60 years, did not experience the great period of Atlantic cooperation and European construction, and saw in nationalism a refuge from Communism oppression.

These trends are compounded by the fact that the post-Cold War world has cut Germany loose from some of its previous moorings.

When Germany was divided, Europe provided a political home and a substitute for a national policy. So long as German armies stood on the Elbe, the Atlantic Alliance was essential for German security. Germany's unification removes one in-

centive for subordination to supranational institutions, and the retreat of Russian forces from Central Europe eliminates another.

At the same time, there has been no American initiative to define new purposes for the Atlantic Alliance other than the Partnership for Peace, which erodes geographic delineations without developing new common purposes.

No wonder that both the extent and the content of Europe have become controversial — all temptations to a more national role.

For America, the approaching end of the Kohl period represents a watershed of its own: whether to continue emphasizing new universalist institutions that threaten to weaken progressively the Atlantic Alliance and change the nature of the European Union, or to turn to revitalizing the existing building blocks of the European order and the Atlantic Community.

The Clinton administration will not have time to pursue both approaches in partnership with Mr. Kohl; it must establish priorities. Unless the Atlantic Alliance is given a mission and a purpose reflecting its historic essence, it will gradually dissolve in a mishmash of universalist slogans indistinguishable from those of the United Nations and of general collective security. One can hardly build Europe, or an Atlantic partnership, if one is not willing to define where Europe begins and ends.

In the time remaining, America must work with Mr. Kohl on defining membership in both the Atlantic Alliance and the European Union for the states of Eastern Europe, and on creating new but different structures for political consultation with the states arising out of the former Soviet Union.

A clear sense of identity of the Atlantic Alliance and a clear definition of the European Union are a prerequisite to good relations with Russia.

Revitalizing European and Atlantic institutions would be a noble culmination of Mr. Kohl's stewardship.

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BOOKS

SEARCHING FOR MERCY STREET: My Journey Back to My Mother, Anne Sexton
By Linda Gray Sexton 307 pages, \$22.95. Little, Brown.

Reviewed by Michiko Kakutani

FEW writers' lives have been as relentlessly dissected as Anne Sexton's.

The poet's great subject, of course, was herself. Her poems feverishly anatomized her moods, her breakdowns, her anxieties, her marriage and her divorce, and they created a continuing self-portrait: Sexton the rebellious teenager, obsessed with boys and cigarettes, in-

cessuous relationships and adulterous affairs.

Now, we have before us another account of that tempestuous life, from the point of view of her older daughter and literary executor, the novelist Linda Gray Sexton.

What makes this memoir so powerful and affecting is its candid, often painful depiction of a daughter's struggles to come to terms with her powerful and emotionally troubled mother.

In these pages, Linda Sexton grapples not only with her mother's sexual and emotional

abuse of her, but also with the psychological implications of her mother's writing: the fact that Linda's own childhood and youth were routinely mined for dramatic material by her mother, the fact that her mother spilled her family's domestic difficulties for all the world to see.

Certainly it was not easy being a daughter of Anne Sexton. Both the poet's mental illness and the gift that enabled her to turn her emotional torment into art tended to take her away from her children.

Linda and her sister, Joy,

grew up dreading the dark uncertainty of their mother's madness, worrying that she would abandon them through suicide or hospitalization.

When she was feeling better and bard at work, she could be equally elusive. Linda remembers her slapping down lunch on the table and quickly going back to her typewriter.

"I saw how she left it only reluctantly when I pestered her for a cookie or a story, how she resented my questions and my need to be near her," she writes. "I wanted to cuddle in her lap, but she wanted to concentrate. In desperation she would put on a record or set me down in front of the television and go back to her desk."

"Any demand is too much when I'm like this," Anne Sexton told her psychiatrist on a tape later played by her daughter. "I want her to go away, and she knows it."

At other times, Linda Sexton says, her mother suffocated her with demands. She recalls her mother sexually molesting her and frightening her with candid discussions of sex.

She recalls her mother pre-

tending to be a child and forcing her to assume the role of parent. And she recalls Sexton flying into a possessive rage when her primacy in her daughter's life was threatened by a therapist or a boyfriend.

It's clear that Linda Gray Sexton's feelings of anger and resentment were always grounded in a thick matrix of love and adoration, and that part of her always wanted to emulate and please her mother. She realized as a child, she says, that if she ever wanted to share her mother's life, she would have to learn to love properly.

"If I wanted to be close, indispensable, a companion," she writes, "then words and language would be the bricks with which I would build the bridge."

And so, in time, Linda did become a writer, learning, like her mother, to use words to grapple with familial ghosts and, with this volume, to employ the power of the confessional.

She and her teammates, Judy Radin, Jillian Blanchard, Sue Picus and Rozanne Pollack, trailed the team led by Sally Woolsey by just one imp with two deals remaining. With a large audience watching intently in the Vugraph theater, a part-score gain put them in the lead, and they won the McConnell Cup by 5.

In the diagrammed deal from the Women's Team final, Letizia as South reached four spades after aggressive bidding. She ruffed the opening club lead in dummy, cashed the heart ace and cross-ruffed in hearts and clubs to take the next four tricks.

She then cashed her two trump winners, leaving a five-card ending in which East held the last trump, the club ace and ace-jack-eight of diamonds. That player was helpless when a diamond was led to dummy's

By Alan Truscott
THE most exciting final in the history of world women's team competition, with the result in doubt until the last deal was over, ended in victory for a team led by Marlene Letizia.

She and her teammates, Judy Radin, Jillian Blanchard, Sue Picus and Rozanne Pollack, trailed the team led by Sally Woolsey by just one imp with two deals remaining. With a large audience watching intently in the Vugraph theater, a part-score gain put them in the lead, and they won the McConnell Cup by 5.

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queen, whether or not she won the trick. The post-mortem showed that the game would have been defeated if East had thrown her club ace earlier, leaving her partner with a club entry in the end position.

This gained 11 imps for Letizia's team, far more than the eventual margin of victory, for in the replay East's overcall of one no-trump over one heart ended the bidding and eight tricks were scored.

WEST (D)
♦ 1 4 5 2
△ Q 9 8 4 2
◆ K Q 7
◆ 4 —

EAST
♦ Q 10 7
△ K J 9
◆ A J 8
◆ 4 10 8 5

SOUTH
♦ A K S 5
△ Q 8
◆ 10 4 3
◆ 4 7 4 3 2

NORTH (D)
♦ 1 4 5 2
△ Q 9 8 4 2
◆ K Q 7
◆ 4 —

The bidding:
North: East: South: West:
1 7 Pass: 1 4 Pass: 1 4 Pass: 1 4 Pass
3 4 Pass: Pass: Pass: Pass
West led the club king.

Thanks, Norway, but We Give Up

By Malcolm Gladwell

NEW YORK — Thirty years ago this fall, inside the concrete field house on the campus of the Moses Brown school in Providence, Rhode Island, a group of architects and social planners installed the world's first field of artificial grass. They were looking for something to cover the hard asphalt of urban playgrounds, to create for inner city children an experience equivalent to the grassy playing fields enjoyed by their counterparts in the suburbs.

It was not to be, of course. Artificial grass proved too expensive for city budgets and ended up instead as AstroTurf, the surface of many professional and college sports stadiums.

A generation later, the abhorrent experiment at Moses Brown stands as a powerful symbol of a lost era in urban thinking, a testament to how much America's approach to the problems of cities has changed since the early 1960s.

The people who dreamed up artificial grass thought that the poor could be lifted by changes to their environment.

MEANWHILE

environment; that by knocking down tenements and building gleaming new housing projects, by designing innovative schools and playgrounds, something real could be done to change the prospects of the disadvantaged.

This past summer, in the Red Hook area of Brooklyn, the Norwegian government built an \$80,000 artificial turf soccer field in honor of America hosting the World Cup. The Norwegians deliberately chose one of New York's toughest neighborhoods because they wanted to bring a playing field to people who have only asphalt and concrete.

Ten days after the field opened last month, vandals set the turf on fire, destroying it completely.

What is striking about what happened in Red Hook is not simply that it took Norwegians to try to replicate what was attempted at Moses Brown a generation ago. It is that when the field went up in smoke, the response of the city and the community was not anger, or even disillusionment. There were no illusions left to be shattered.

"I told them it was pretty foolish to put it there," a weary Henry Stern, New York's Parks Commissioner, explained to reporters the next day. "This isn't Kansas. And Red Hook isn't Norway."

We Americans are all realists now about urban problems — and with

LETTER TO THE EDITOR

Halt the Attacks on Israelis

Nearly all Israelis accept the fact that the peace process with the neighboring countries and especially with the Palestinians does require the granting of considerable concessions by Israel, even if these are costly and painful to Israel.

However, not even the most peace-loving and concession-ready Israelis can accept the fact that despite these concessions some of the Palestinian groups keep on attacking and killing Israelis with no reaction from the Palestinian authorities, or for that matter the Arab countries, other than verbal condemnations of these attacks.

Unless this situation improves

drastically — that is, unless the Palestinian authorities and the other Arab countries control Hamas etc. and stop them from their terrorist activities — there will be no choice for the Israeli government but to react in a most forceful manner.

Such reaction will surely have the same result as all previous reactions to Arab attacks on Israel.

And the vast majority of Israelis who are desirous of peace and good relations with all our Arab cousins — I repeat: all of them — sincerely hope and pray that true peace will come soon to all of us and that no forceful Israeli reactions will be necessary.

I and the vast majority of Israelis

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Dozens of Militants Arrested in Israel

Toll in Bombing Rises to 23

By Clyde Haberman

New York Times Service

JERUSALEM — Israel said Sunday that its security services had arrested dozens of West Bank militants from the Hamas Islamic group in a crackdown begun after the attack on a Tel Aviv bus, now said to have killed 23 people, including the suicide bomber.

No details were given about how many Hamas members had been picked up, or in which towns.

Some Palestinians waved off the arrests as involving only low-level Hamas supporters. But a senior Israeli government official said that they belonged to the group's armed wing and that some were suspects in anti-Israeli attacks that preceded the bus bombing last Wednesday.

The arrests were reported as the government moved to widen the separation between Israelis and Palestinians, already considerable because of a post-bombing ban that has kept West Bank and Gaza Strip Arabs from entering Israel.

Despite skepticism from some ministers, the cabinet increased the number of authorized foreign construction and farm workers, mostly Romanians, Bulgarians, Thais and Chinese, from 35,000 to 54,000.

Nick of Time: Rabin Pops Out For Some Puffs

Agency France Presse

JERUSALEM — Prime Minister Yitzhak Rabin was forced to pop out twice during Sunday's cabinet meeting to satisfy his addiction to nicotine, state radio reported, as anti-smoking laws came into force.

Mr. Rabin, a lifelong chain smoker, found all the ashtrays had been removed from the cabinet room when he arrived. The new legislation bans smoking in virtually all public places, including at work. Restaurants and employers have set aside smoking areas.

Before Sunday's cabinet session, Health Minister Ephraim Sneh, a doctor, presented Mr. Rabin with the legislation to make it clear that passive smoking was out as far as he was concerned, the radio said.

RACE: Republican Gains Foreseen

Continued from Page 1.

nor's protestations that he is not interested. Others talked about as possible nominees include Governor William F. Weld of Massachusetts, who is well ahead in the polls.

President Bill Clinton's reelection efforts would not be doomed if his fellow Democrats were defeated in electoral-vote-rich states. In 1992, he won in California even though Mr. Wilson was governor, and he lost Texas, despite help from Governor Richards.

By gaining control of the governorships in the biggest states, Republicans would get an advantage in setting a national agenda on issues.

"If Republicans do pick up these seats, the most important factor will be the sheer number of people in the general electorate who will be introduced to reforms that Republican governors have proven they can do," said Chris Henick, executive di-

It means that whenever the ban on Palestinians is lifted — and no end is in sight — there will most likely be far fewer Arabs allowed on Israeli streets than the roughly 60,000 laborers who had entered each day from the territories before the bus attack.

The action left some cabinet ministers uneasy, mainly those on the political left. Not only would it hit many Palestinians hard in their already threadbare pocketbooks, they argued, but it could also help Hamas by undermining the fledgling Palestinian Authority of Yasser Arafat, which runs Gaza and the West Bank town of Jericho.

"We have to be very careful here," Absorption Minister Yair Tsaban said.

Along a similar line, Nahil Shash, the chief Palestinian negotiator in talks with Israel, protested that the territorial closing "means siege and starvation for Palestinians."

As he prepared to meet Foreign Minister Shimon Peres in Cairo Sunday night to discuss an Israeli-Palestinian relationship that has rapidly turned sour, Mr. Shash said the Palestinian Authority had nothing to do with the Tel Aviv incident.

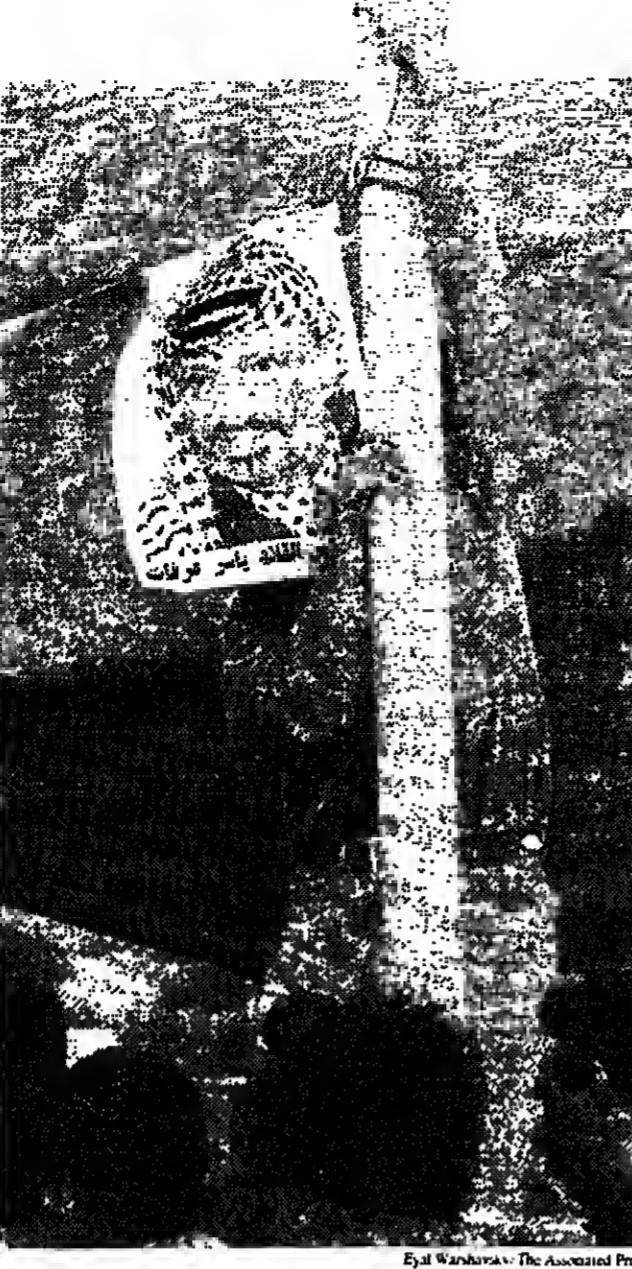
But the Israeli cabinet's concern was less with Palestinian sensibilities than with how to improve domestic security. The prevailing sentiment was that the solution lay in a more thorough separation of the two peoples, as urged last week by Prime Minister Yitzhak Rabin.

Mr. Rabin has also said that Israel's army and security agencies will take tough new measures against Hamas, whose armed wing took responsibility for the Tel Aviv bombing.

The retaliatory steps the Israelis have in mind are not being spelled out, but officials have mentioned mass arrests like the ones said to have just been carried out, house demolitions and cutoffs of overseas financing for Hamas.

There were reports Sunday that Mr. Rabin has ordered Israeli "hit squads" to kill Hamas leaders. Government officials declined to discuss the reports.

In the bus bombing, the death toll has changed several times because some bodies were ripped to pieces so badly that the total number could not at first be determined. On Sunday, the authorities put the figure at 23, including the Palestinian suicide attacker.



Eyal Warshavsky / The Associated Press

3 Hostages Said to Die In Riyadh

Compiled by Our Staff From Dispatches

RIYADH — Four people were killed and two others were wounded when security forces stormed a Saudi villa in Riyadh where Filipinos had taken the residents hostage, official Saudi sources said Sunday.

The dead included a 2-month-old baby and one of the hostage-takers, who had demanded a ransom of \$10 million, the official Saudi press agency SPA reported.

Residents and diplomats said earlier Sunday that the Saudi police had stormed the villa Saturday in the Saudi capital's King Fahd District.

They said three hostages had been killed in the drama — two servants and a son of Youseff Rajhi, who comes from a leading business family.

The Philippines consul-general tried unsuccessfully to negotiate with the hostage-takers before the police stormed the house.

Diplomats and residents said a Filipino housemaid and an Indonesian driver were killed by the attackers.

Residents said a child, Mr. Rajhi's son, was killed and was buried in Riyadh on Sunday. They did not know his age.

They also said Mr. Rajhi's wife and another son were believed to have been wounded.

"We were informed by the police that the attackers are Filipinos," an official at the Philippine Embassy in Riyadh said.

(AFP, Reuters)

WAR: How the Decision Was Made to Stop the Attack

Continued from Page 1
services, political sensitivities to how the war was described in the news media, and General Powell's determination to get the troops out quickly. These were among the revelations:

• No one in Washington, even General Powell, understood what was clear to military commanders in the field: that much of Iraq's crack troops, the Republican Guard, had not been destroyed and were in fact, escaping across the Euphrates River.

• The inability to cut off those troops stemmed not only from a premature decision to end the war but from a fundamental flaw in the battle plan, which assumed that the Iraqis would stand and fight. Instead, they bolted when the Marines began their assault to free Kuwait, and the U.S. troops had trouble accelerating their attack to catch them.

• As the war drew to a close, the clear goal of destroying the Republican Guards gave way to confusion over political concerns. After the cease-fire, the Saudis were so unhappy with the outcome that they proposed a secret plan to arm Iraqi Shiite insurgents, and one top U.S. Army general developed a secret contingency plan for American tanks to roll north to Baghdad — a project quickly shut down by his appalled superiors.

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(AFP, Reuters)

General Schwarzkopf became furious as he realized what was happening. He demanded that the VII Corps' commander pick up the pace and crush the Iraqis before they got away.

The army's plan could not easily be speeded up, but by Feb. 27 the attacking divisions had finally built up significant momentum.

The XVIII Corp's field commanders had wound up their troops and were ready to spring forward. Major General Barry McCaffrey had taken the 24th Mechanized Infantry Division deep into the Euphrates River valley. He planned to cut off the Iraqi retreat by driving east to the canal on the outskirts of Basra, a city in southern Iraq.

Meanwhile, Major General Binford Peay of the 101st Airborne Division penetrated deep into western Iraq and was heading east. He planned to use his helicopters to deploy a brigade of U.S. troops north of Basra to trap any Iraqis that escaped General McCaffrey's grasp.

To the south, the VII Corps was finally gathering momentum. All they needed was an order. And one more day.

The Politics

In Washington, the stunning success of the allied forces was becoming a potential political problem. News reports told of U.S. pilots' bombing Iraqi troops retreating from Kuwait City.

The U.S. military later determined that a couple of hundred Iraqis had been killed on the "highway of death," as the road north had been named by journalists, but the administration feared that it would be seen as slaughter.

On the afternoon of Feb. 27, Mr. Bush met with his senior national security aides in the Oval Office. He and General Powell were concerned not only about achieving their military goals but also about how the war was being portrayed by the news media.

Mr. Bush suggested that he give a speech to punctuate the end of the war. The basic decision was set.

At 9 P.M. in Riyadh, General Schwarzkopf strode to the lectern at the Hyatt Regency Hotel and announced that the Iraqi Army had all but been destroyed.

"The gate is closed," he declared.

An hour and a half later, he was on the phone with General Powell, who called to say that the White House was considering imposing a cease-fire as early as 5 A.M. Gulf time. Things were getting difficult back in Washington. General Powell explained, alluding to the reports about the "highway of death."

The White House planned to have Mr. Bush tell the Iraqis in his war-ending address that they should get off their equipment and walk. That way the Iraqis could not salvage many of their tanks.

But because of the difficulty getting word to the Iraqis in the field to abandon their equipment, that demand was dropped from the speech.

Despite General Schwarzkopf's confident statements at the briefing, reconnaissance missions were showing that substantial numbers of Iraqis were continuing to escape.

General Schwarzkopf told General Powell that if a cease-fire were announced, the White House would see Republican Guard T-72 tanks escaping north. Nevertheless, Mr. Bush and his aides agreed to end the ground war at 100 hours, meaning the cease-fire would begin in the gulf at 8 A.M. local time.

Lieutenant General Cal Waller, the deputy head of the Central Command, became irate.

"Why a cease-fire now?" General Waller recalled asking his superior.

"One hundred hours has a nice ring," General Schwarzkopf replied.

General Waller uttered an epithet.

"Then you go argue with them," General Schwarzkopf said.

The Post-Mortem

To General McCaffrey, of the 24th Mechanized Division, the news that a cease-fire was about to be called came at the worst possible moment.

Neither General McCaffrey nor his key commanders thought that the entire Republican Guard had been destroyed, nor did they believe that driving to the outskirts of Basra and cutting off the Iraqis' two major escape routes posed a high risk of U.S. casualties or would lead to the slaughter of Iraqis.

This year, Mr. Bush defused his decision to end the war at 100 hours.

In written responses to questions, he said: "If we continued fighting another day, until the ring was completely closed, would we be accused of a slaughter of Iraqis who were simply trying to escape, not fight?" In addition, the coalition was agreed on driving the Iraqis from Kuwait, not on carrying the conflict into Iraq or destroying Iraqi forces.

The writers of this article adapted it from their book, "The Generals' War," to be published by Little, Brown & Company in January.

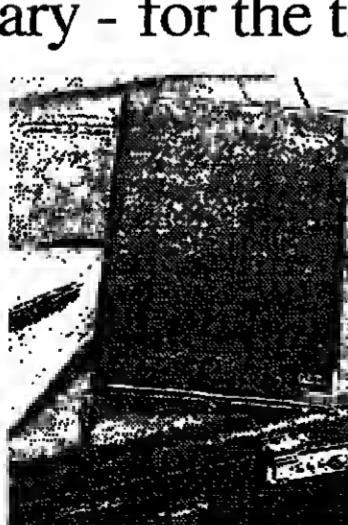
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DOLLAR: How Far Downhill?

Continued from Page 1
the absence of additional monetary restraint.

"Indeed, investors may reduce existing holdings in the United States. The result would be a crisis of confidence, with a further depreciation of the dollar leading to a jump in bond yields and in response, to a plunge in equity values."

Analysts are agreed that the Fed will wait too long to increase rates another half-percentage point, or 50 basis points — a move that is widely anticipated in the bond market.

This week, the major economic report will be preliminary third-quarter gross domestic product, to be released Friday.

The consensus is that third-quarter growth has slowed from the second quarter's annual rate of 4.1 percent. Some analysts say it will slow to a near 2 percent annual rate, while others predict a number closer to 3 percent.

As for the fourth quarter, analysts think growth has accelerated to "probable boom conditions," with J. P. Morgan analysis predicting a 4.5 percent annual rate.

If the Fed waits until its next scheduled meeting in No-

vember to increase rates and then only moves by 50 basis points, the dollar could come under severe pressure," said Brendan Brown, an analyst at Mitsubishi Finance International in London.

He would prefer to see the Fed move before the Nov. 8 congressional election. Conventional wisdom has the Fed on hold until after that date. Mr. Brown added that another 25 basis point increase at the Fed's Nov. 15 meeting "would probably be enough to stop" the dollar's rise.

"If we see nothing, then we'll have a full-blown dollar crisis," he said.

But Mr. MacKinnon of Citibank said that talk of a crisis was overdone. "It can only be a crisis if the dollar's decline impinges negatively on the U.S. economy, or the world economy."

That is not the situation, he added. "The Bundesbank is quite happy with the dollar at these levels; exporters can live with a strong mark. The White House has no problem with dollar slippage, as it buys exports. It would only be a crisis if it triggers some sort of sea-change in interest rate policies, which would be bad news for the major economies."

The Marines, insisting on having their own attack, drew up plans for a lightning assault to liberate Kuwait. General Schwarzkopf, the commander responsible for meshing the parts of the plan, said in an interview that he never expected the Marine attack to move as quickly as it did.

But in the first hours of the land offensive, it became clear that much of the Iraqi Army lacked the will to fight and had been seriously weakened by the allies' bombing attacks. The success of the Marines was a relief for the top commanders, who feared that they would be accused of a slaughter of Iraqis who were simply trying to escape, not fight? In addition, the coalition was agreed on driving the Iraqis from Kuwait, not on carrying the conflict into Iraq or destroying Iraqi forces.

In the war room at the Saudi Ministry of Defense in Riyadh,

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National Bank of Hungary	DM 500	2001	9%	101.45
Deutsche Finance	PP 2,000	1998	7%	99.567
Deutsche Bank Finance	mt. 100,000	1996	11	101.57
European Investment Bank	mt. 200,000	1998	10.15	98.555
World Bank	mt. 300,000	1997	10%	101.135
France Telecom	CS 125	1997	8%	101.243
New South Wales Treasury Corp.	Aus\$ 100	2004	10%	101.45
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Retooling Japan's Economy

By Andrew Pollack
New York Times Service

TOKYO — Japan's longest economic slump since the end of World War II is finally ending. But that has brought little cheer to Sakawa Seisakujo, a 60-person company in Tokyo that makes guide rails for elevators.

Sakawa, like most Japanese companies, prides itself on quality. Elevators in Japan rarely jingle or creak.

But now, companies in other parts of Asia are learning to produce rails that are nearly as good but are priced 30 to 40 percent lower, prompting Japan's elevator manufacturers to start buying foreign-made rails. Toshio Sakawa, executive director of the company, fears it might not be around in 5 to 10 years.

Miles away, and several rungs up the industrial-sophistication ladder, is a highly automated Citizen Watch plant. A small corps of technicians works beside armies of miniature robots piecing together 800,000 intricate quartz movements each day.

At Citizen, there are fewer worries about foreign competition. The final assembly — putting on the watch faces and wristsbands — is migrating to Hong Kong and other nations. Still, the company has no intention of making its high-tech quartz movements outside Japan because specialized skills, not cheap labor, are more crucial in this kind of work.

Citizen and Sakawa show the two sides of the structural shift in the Japanese economy that is unfolding despite the cyclical recovery.

The main force behind the shift is the relentless strengthening of the yen, which has appreciated another 25 percent in the last two years. The dollar hit an all-time low in Tokyo on Friday, when it dropped briefly to 96.55 yen. In the mid-1980s, the dollar was worth 250 yen.

The strong yen plus high wages, an inefficient domestic distribution system and excessive regulations have made Japan less hospitable for manufacturing.

"The production cost in Japan has become the highest in the world," laments Haruo Tsuji, president of the Sharp Corp., the calculators-to-copy-machines maker of electronic goods.

Already, the steep costs at

home are forcing automobile and electronics companies, arguably Japan's two strongest industries, to transplant their manufacturing to lower-cost nations.

The shift offshore of manufacturing and the pressure on domestic prices from lower-priced imports means that Japan, which once roared back from recessions, will not recover so quickly this time. Economists think in the future Japan will grow only 2 percent to 4 percent a year, well below its historic rates.

Yet as the case of Citizen shows, there is a core of produc-

To say that Japan's competitive edge has been blunted is not to say that it is gone. History has shown underestimating Japan as an economic rival is short-sighted.

ucts, requiring specialized technology and skill, that can still earn their way in Japan's high-cost environment. And the Citizen formula is likely to be a model for Japan in the future — namely, the finished product might be assembled abroad, but the core high-tech component will still be made in Japan.

Indeed, for all its fame as a producer of videocassette recorders, camcorders and cameras, such finished products account for a declining part of Japan's exports. Instead, Japan is becoming a supplier of components and production machinery, like robots, to be used by other nations to assemble the final products — a trend that has helped keep Japan's trade surplus high.

There are three other changes creating what might be called Japan's new terms of trade:

• Japan is relying more for growth on booming Asia and less on the mature markets of the United States and Europe.

• It is moving from manufacturing toward services and information-based industries.

While these official reasons driving these programs is a desire to widen and to diversify the investor base, bankers said the domestic cost of issuing paper has been increasing as U.S. portfolios are already large holders. "Domestic spreads are under upward pressure, and the aim is to tap into the large pools of overseas capital in the hope of getting better rates," one banker said.

BONDS: International Market in a Waiting Mode

Continued from Page 9.
reported to be non-Japanese Asians, including central banks.

Fannie Mae, or the Federal National Mortgage Association, the largest of the federally sponsored enterprises, announced last week that it appointed Lehman Brothers to lead a group of banks to arrange a \$20 billion global program.

These federally sponsored lenders were large issuers of so-called structured debt — highly leveraged exotic issues, which provided low-cost funding.

But with that market drying up after the large losses suffered this year by holders of such paper, the borrowers are now looking for a new source of cheap funding, bankers said.

Bears and Bonds

Dollar Sours the Market

Compiled by Our Staff From Digiarche

NEW YORK — The Treasury market is expected to post new lows this week as U.S. interest rate uncertainty, the dollar and data on third-quarter economic growth keep the pressure on.

"You have the risk to see new lows across the Treasury curve," said Deb Packman, market strategist for Smith Barney in New York.

The first look at third-quarter gross domestic product, which is expected to show growth around 3 percent, will undoubtedly be the major economic news for the week.

Last week, a surge in single-family home sales in September and sharp increases in price gauges of the Philadelphia Federal Reserve Bank's October manufacturing survey caused bonds to slump, pushing the yield on the benchmark 30-year to the highest level in at least two years.

The data renewed concern that the Federal Reserve Board had fallen behind the inflation-fighting curve and would raise short-term interest by more than 50 basis points before the end of the year.

Most analysts expect a tightening of at least 50 basis points at the Nov. 15 Federal Open Market Committee meeting.

"Until the Fed moves, unless you get unusually weak economic data next week, the Fed has a problem," said Steve Wood, director of financial market analysis for BA Securities in San Francisco.

He said that fund managers were only willing to buy securities that mature near Nov. 15.

When Treasury yields were near their highs two weeks ago,

some fund managers considered the yield attractive because the economy was showing signs of slowing.

At the time, the expected tightening in November was seen as the last one for a while, said John Kim, chief investment officer for Aetna Life Insurance and Annuity Co. in Hartford, Connecticut.

Recent economic data have changed the picture.

The issue now is whether the Fed has lost its grip" on inflation.

Fed Chairman Alan Greenspan has said he expects inflation to remain low.

Treasuries also are being hurt by weakness in the dollar, especially against the Deutsche mark.

A weakening dollar carries a two-fisted punch against Treasuries. It makes dollar-denominated securities less attractive to investors and also can lead to inflation by making imports more expensive.

All the uncertainty in the market could make bidding difficult when the Treasury auctions \$17.25 billion in two-year notes Tuesday and \$11 billion in 5-year notes Wednesday.

"Economic growth is still strong and two years and five years are coming out in the bad environment. These notes will be traded at a discount rather than a premium over the next year," said William Stevens, portfolio manager at Montgomery Asset Management.

In when-issued trading late Friday the two-year note was being offered to yield 6.81 percent and the five-year to yield 7.46 percent. Both were up 10 basis points since Wednesday, when the Fed announced the terms of the auctions.

The government is modifying how it tracks prices of food, shelter, and prescription drugs.

(Knight-Ridder, Reuters, NYT)

The Week Ahead: World Economic Calendar, Oct. 24-28

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Asia-Pacific

• Oct. 24 Hong Kong August retail sales figures.

• Oct. 25 Tokyo Bank of Japan holds two-day emergency branch managers meeting.

• Oct. 26 Canberra Latest crop estimates.

• Nov. 1 India Communications India '94, a four-day international exhibition and conference on equipment, networks and services for telecommunications.

• Nov. 2 Taiwan Restoration Day holiday.

• Oct. 26 Canberra Consumer price index data for July-August quarter.

• Oct. 26 Copenhagen Minister of Finance presents the October economic review.

Frankfurt October cost of living for North Rhine-Westphalia.

Expected sometime this week.

Frankfurt August trade balance; August current account; August balance of payments.

Frankfurt October cost of living for Baden-Wurttemberg, Hesse, Bavaria.

• Oct. 26 Bonn Leading German economic institutes present a joint autumn report.

London October Confederation of British Industry trends survey.

• Oct. 26 Washington The Commerce Department reports third quarter durable goods and services.

Washington The Federal Communications Commission opens its auction for 30 regional narrowband licenses to offer personal communications services.

San Jose, California Semiconductor Industry Association will announce its annual forecast for the semiconductor industry for 1995.

Washington U.S. Department of Energy issues its weekly report on U.S. petroleum stocks, production, imports and refinery utilization.

• Oct. 27 Washington The Commerce Department reports third quarter housing vacancies.

Washington The Labor Department reports initial weekly state unemployment compensation insurance claims.

• Oct. 28 Copenhagen July-August trade balance, excluding ships.

American Express Co., Apple Inc., Ashland Oil Inc., Atlantic Richfield Co., Black & Decker Corp., Brink's Inc., Consolidated Freightways Inc., Delta Corp., Eastman Chemical Co.,

• Oct. 28 Washington The Labor Department reports costs index for the third quarter.

New York: The Conference Board releases its index of consumer confidence for October.

• Oct. 28 AirTouch Communications Inc., American General Corp., Baxter International Inc.

• Oct. 28 Washington The September durable goods and services.

Washington The Federal Communications Commission opens its auction for 30 regional narrowband licenses to offer personal communications services.

San Jose, California Semiconductor Industry Association will announce its annual forecast for the semiconductor industry for 1995.

Washington U.S. Department of Energy issues its weekly report on U.S. petroleum stocks, production, imports and refinery utilization.

• Oct. 27 Washington The Commerce Department reports third quarter housing vacancies.

Washington The Labor Department reports initial weekly state unemployment compensation insurance claims.

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World Travel

DUTY-FREE SALES PROSPECTS BRIGHT

This \$17 billion business has doubled since 1986.

Growth is anticipated in the world travel shopping sector due to a steady increase in international travel and an ongoing economic recovery in many countries.

"Travelers are not yet buying duty free like they did in the 1980s, but they are beginning to spend more, and there are more of them," explains Yngve Bia, president of Generation Publications, the most authoritative statistical monitor of the trade. "This should translate into a 6 percent to 8 percent increase in duty-free sales in 1994."

Prospects for duty free, in fact, look brighter than in many domestic markets. "The expansion in duty free has been very good despite the recession," says Patrick Bousquet-Chavanne, senior vice president of Estée Lauder's travel retailing division. "We expect the next three years to be better than the last three."

10th exhibition

The continued growth is one of many topics being discussed at the 10th annual Tax Free World Exhibition (TFWE) in Cannes this week. The annual trade show brings together over 5,000 buyers, agents, operators, distributors and other representatives from some 140 countries. The event has also grown, now commanding twice as much space in the sprawling seaside Palais des Festivals as it did in 1985. More than 500 luxury goods companies are exhibiting.

The majority of participants at the TFWE are, not surprisingly, European. Europe still represents over 50 percent of worldwide duty-free sales. French companies are responsible for generating half of all duty-free revenue, and Britain sells more duty free than any other country in the world.

Aggressive expansion

BAA, the airport authority that runs numerous British airports (38.3 percent of duty-free sales are in airports, and sales grew 7.3 percent in 1993), is continuing its aggressive expansion program and developing downtown-like shopping malls attached to runways at Heathrow and other airports. BAA's specialist retail stores include names like Austin Reed, Harrods, Thomas Pink, Mappin and Webb, and Hamleys Toys. Within Harrods are "rooms of luxury" featuring Dunhill, Gucci, Yves Saint Laurent, Cartier, Gucci, Christian Dior and other designer brands.

In addition, the now-familiar "Tax Free For Tourists" program, which beckons non-EU residents to reclaim value-added taxes if they spend over a certain amount in European downtown markets, is omnipresent. And rare is the international or charter airline (8.8 percent of duty-free sales are on airlines) that has failed to exploit duty free.



SHOPPING

Asia-Pacific boom

Global growth, however, is most notable in Asia and Oceania, where duty-free sales leapt 12.5 percent last year, primarily due to the emerging market in China. Honolulu, where passengers spend an average of \$100 each, compared with just over \$19 at Heathrow, is still the world's number-one duty-free location, with sales of over \$400 million in 1993. (Heathrow is close on its heels, with \$395 million, followed by Hong Kong, Paris and Amsterdam. Today, the world's 50 most important duty-free shop operators account for almost 60 percent of global sales).

Sophisticated Middle East duty-free shops in Abu Dhabi, Bahrain and Dubai, where business is up 11 percent this year, continue to offer the best prices in the world's duty-free emporia.

East European prospects

Duty free in Eastern Europe is also opening up, but at a much slower pace than had been anticipated. "There is a great deal of pent-up demand and a desire to purchase inter-

nationally known products throughout Russia and other former Communist countries," explains David Hope of Aer Rianta International, which operates outlets in Russia and other East European countries. "The economic transition to a free market is difficult, but the long-term future is optimistic."

Purchasing patterns

Purchasing habits are also changing. The Japanese, the big buyers of tax-free luxury products in the 1970s and 1980s, are spending less, with younger consumers purchasing lipstick instead of porcelain-packaged cognac. Lower prices on the Japanese market, discount stores and the domestic economic depression have also tempered Japanese purchasing.

"Duty free still means exclusive gifts, but the presentations have become a little more reasonable because the Japanese are buying fewer porcelain and crystal containers," explains Joël Lautin, director of duty free at Rémy Martin Cognac. "The best clients at the moment appear to be the Arabs, Russians and Chinese."

Joel Stratte-McClure

TFWE TO REMAIN CANNES INSTITUTION

This year offers a new, improved exhibition.

The Tax Free World Exhibition (TFWE), which gets under way this morning with a conference featuring U.S. consumer guru Faith Popcorn, is second only to the Cannes Film Festival as a revenue earner for this Mediterranean seaside city.

The event is so popular that a luxury cruise liner is in the bay to house delegates this year. In the meantime, the city is celebrating the TFWE's 10th anniversary with music, dancing, fireworks and its typical panache, including a complimentary drink offered to all delegates.

Cannes has hosted the TFWE for nine of the past 10 years and recently managed, despite serious competition from Barcelona, to maintain its lock on the event for at least the next three years.

New improvements

TFWE executives decided to keep the event in Cannes after the city agreed to extend exhibition space in the Palais des Festivals (at a cost of over \$25 million), control exhibition prices, work with hotels and restaurants to improve the quality/price ratio, develop new hotel projects, redevelop the port to allow docking of large cruise ships and resolve a number of logistical problems.

"There is a synergy between the glamorous image of Cannes and the prestigious image of TFWE," says TFWE's president, Jacky Paquet. "We are delighted the city has given us its wholehearted commitment to addressing the issue."

Continued cooperation

The city, noting the financial importance of the event, is obviously pleased that the TFWE chose to stay despite exhibitors' concerns over whether Cannes could meet increased demand for exhibition space and hotel accommodation.

"The TFWE, which is the biggest luxury product show in the world, has been faithful to Cannes and is tremendously important to our economy and image," explains Dario dell'Antonia, director of tourism for Cannes. "We naturally listened to their requirements and are doing our best to meet their needs."

This year's exhibition will be proof of that continued understanding.

J.S.M.

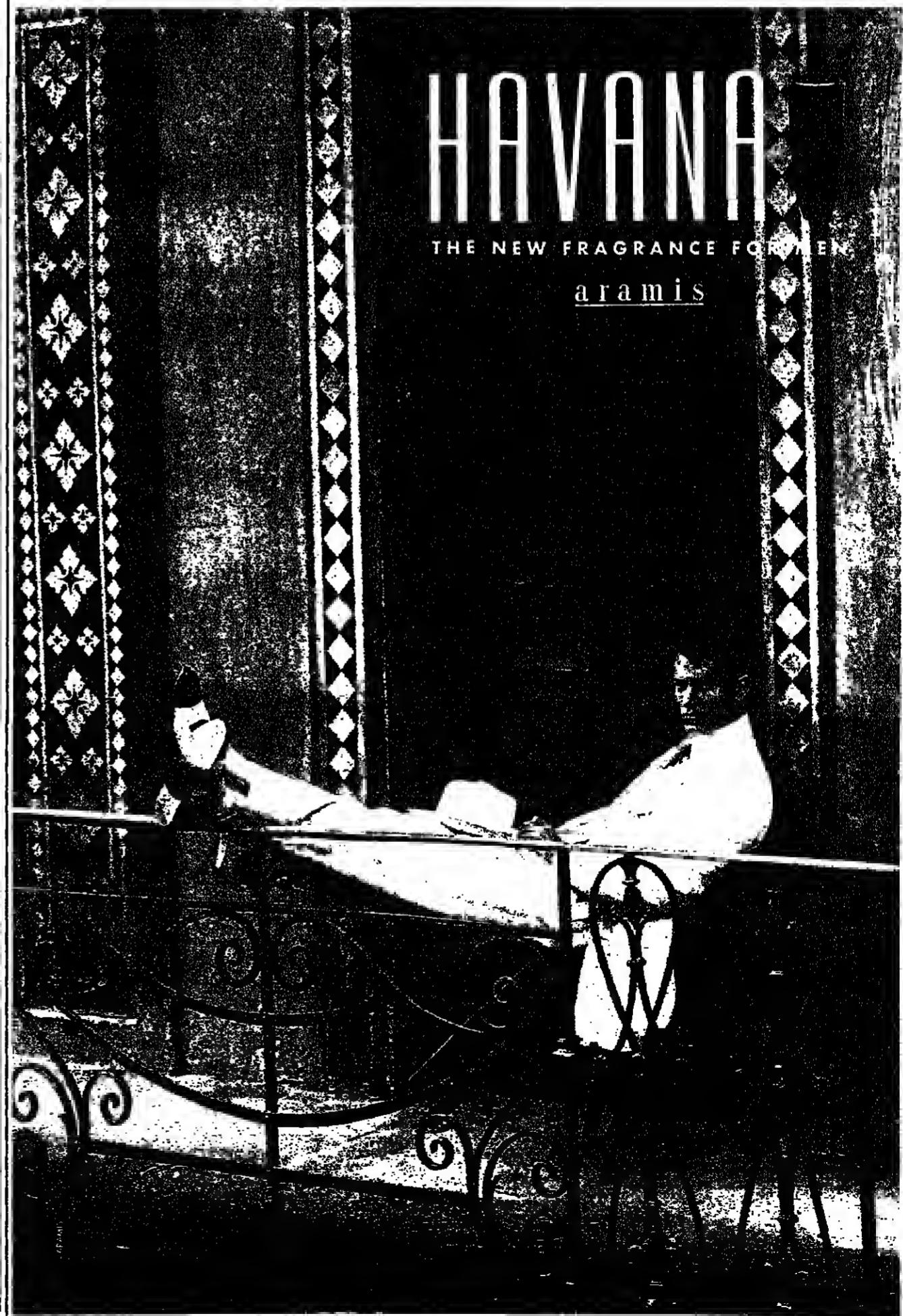
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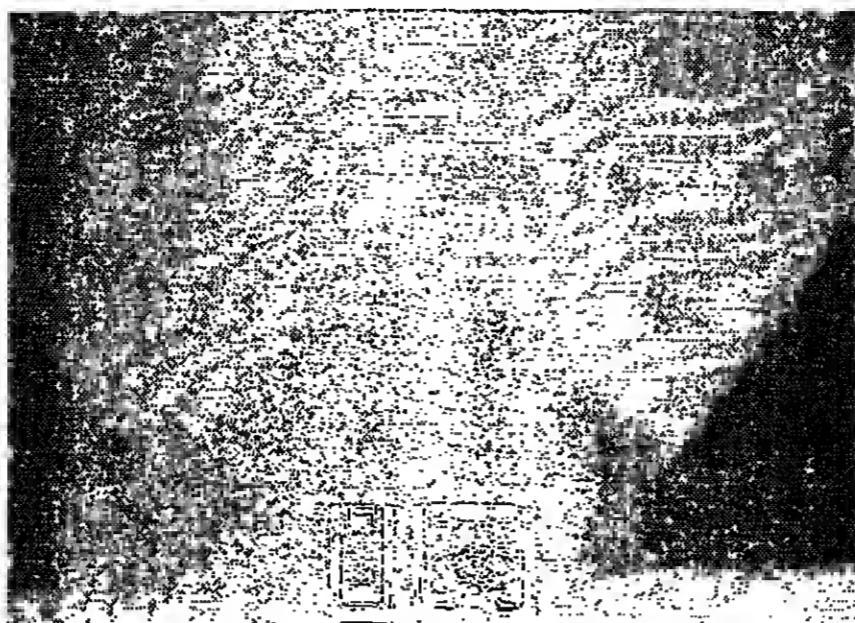
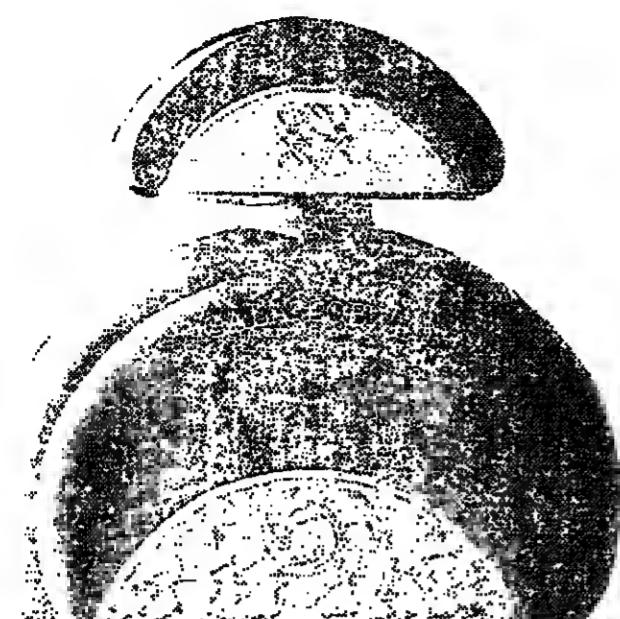
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WORLD TRAVEL SHOPPING



TFWE: NEW EXHIBITORS AS WELL AS COMEBACKS

For exhibitors, nothing succeeds like exposure at this key event.

The success of the Tax Free World Exhibition can be judged by the 80-some new companies that request space each year. Even if floor space were available, however, not all of them would be accommodated. Explains Sara Brancinello of the TFWE: "Our criteria are very strict. Our exhibitors must have a large distribution in duty free. If they don't, they aren't eligible. After that, we decide on the basis of space availability."

This year there are 19 new exhibitors, replacing 19 companies that – because of acquisition or individual circumstance – have chosen not to return. Seven of the newcomers can be classified in the fragrances and cosmetics category; three are in fashion, three in confectionery, three in jewelry, two in liquor – and one produces model airplanes. Their headquarters are as close as nearby Monaco (Misslyn cosmetics) or as far away as Australia (Jakk Opals jewelry).

Coming back for more
Not all these newcomers are completely new to Cannes. Four are companies that were formerly incorporated in other stands and have chosen to stand alone this year. They are Maxim's de Paris, purveyors of gourmet food; Olly's Cosmetics; fashions by Francesco Sinalo; and Etienne Aigner

Cosmetics. Two other companies chose not to exhibit last year, but have returned. They are Berentzen, a distillery, and Michaela Frey, makers of fine enameled jewelry.

Why do they come to Cannes? One of the first-timers, Misslyn, has been waiting five years for the opportunity. According to Maurizio Ricciardi of the cosmetics firm, "It is very prestigious for the upscale market that interests us. Plus, it is very selective in terms of participants and visitors."

Just off the boat

Philippe Nicolas, export sales manager for Neuhaus chocolates, notes that his company was unofficially present in Cannes last year (with a boat) to host delegates to the exhibition and signed two major contracts. He says, "It is very important for us to be officially exhibiting in order to be recognized as a major new duty-free confectionery supplier."

Another confectioner, ASTO International, is relatively new to duty free but has created a separate structure and specific packaging for this market.

"We view it as critical to be present at TFWE so that operators and agents are aware of our interest in developing our involvement in duty free," says Paul Ridgway, managing director of ASTO. Passing from food to fashion, the ra-

Michaela Frey, makers of fine enameled jewelry, is back again at the show, which has strict criteria for exhibitors.

tionale remains unchanged. Maje-Chamford makes fine belts for fashion giants such as Dior, Givenchy and Lanvin, and also commercializes belts under its own trademark, Renoma. "For the past seven years, Renoma has represented the bulk of our company's sales in duty free," explains Patrick Poncet. "So this year we decided to have a stand of our own."

European showcase
Cognac Landy sells cognac with a difference: inside each decanter there is a handcrafted glass sculpture. Its goods having been well-received in Asia

markets, and the company has included European duty free in its expansion program this year, reports Landy's Vege Bruylants. He sees TFWE as the best way to become known in Europe.

Loewe's leather goods from Spain already have a deserved reputation worldwide. Perfumes Loewe will display a range of six fragrances in a stand separate from its leather goods to highlight the former for TFWE's pre-screened visitors.

The best way to judge the success of TFWE is to ask returning exhibitor. The maker Lugo was a newcomer in 1993 and is back with a larger booth this year. Why? Explains Ole Withus of Lugo: "We had planned for 36 meetings in Cannes and wound up holding 106 meetings. Between 1992 and 1994, we tripled our in-flight sales."

Claudia Flisi

THE CURRENT FAVORITES IN DUTY-FREE PURCHASES

Luxury goods and brand names are showing increasing prominence.

The Tax Free World Exhibition naturally mirrors product trends in the worldwide duty-free and tax-free business. Exhibits here this week illustrate that wine and spirits still represent 28 percent of duty-free sales, followed by perfumes and cosmetics (24.4 percent), and tobacco goods (13.5 percent).

The exhibits also exemplify, surprisingly, that only six product categories – cigarettes, women's fragrances, Scotch whisky, women's cosmetics and toiletries, cognac, and men's fragrances and toiletries – account for over 50 percent of all goods sold in duty and tax free.

Professionals conclude that some sectors are set for faster growth than others. "Alcohol and tobacco have certain problems that are directly reflected in a decline in sales and reduced space allocation in the stores," says Yngve Bla, president of Generation Publications. "Luxury goods, including perfume and cosmetics, continue to get more shelf space in increasingly more attractive stores."

Upscale gift categories

Purchases of luxury goods have been fueled by a penchant for acquiring unique gifts while traveling, which is why many suppliers and retailers now produce exclusive tax-free products. One hot-selling item in the 1990s is boxed perfume sets containing small bottles of well-known fragrances.

The booming miscellaneous category (34.1 percent) or \$5.8 billion, of all sales in 1993 is also continuing to grow. Almost every traveler has witnessed the phenomenal explosion and

exposure of accessories – from leather goods to watches and jewelry – in every tax-free outlet.

Duty-free shops are constantly refurbished to tempt the shopper. The store at Frankfurt airport, reinvented just over a year ago, is organized around 26 alcoves, or mini-boutiques, featuring brand names like Swatch, Dunhill, Davidoff and Porsche Design.

Increased specialization

Indeed, shops of all types keep coming to duty free. Examples are a women's lingerie shop and a Montblanc boutique in Paris, Reebok and Levi's tax-free stores in Moscow, and Swatch boutiques in Rome and at numerous other airports. Some airports, like Amsterdam's Schiphol, offer "Bargains of the Month," while others tout incentives like "Buy Five, Get One Free."

"There are many innovations because the market is so competitive, and customers require and expect greater choice in tax free," observes Patrick Bousquet-Chavanne, senior vice president of Estee Lauder's travel retailing division. "The consumer is definitely dictating the pace of change."

The customer, of course, has also changed, and many travelers are much more price-conscious than they were a decade ago. Real travel enthusiasts collect price catalogues from different airports and check prices of particularly expensive items, like watches, to find the best buy. Or they keep an eye on what airline crew members, who usually know the best prices, purchase at particular airports. J.S.M.

SOME CROSS-PURPOSES IN THE CHANNEL

Eurotunnel, operator of Channel Tunnel's Le Shuttle, has opened duty-and tax-free shops at both the Folkestone and Calais rail terminals in time for Le Shuttle's planned start-up for the general public in mid-November.

Eurotunnel has introduced duty free with some ambivalence, for it has been a vociferous opponent of the European Union's extension of duty free until 1999, arguing in the British courts that the cross-Channel ferry companies use their large duty-free sales to subsidize cheap fares, particularly for day trips. Nevertheless, it has been obliged to offer duty free as part of its commercial war with the ferries.

Irish expertise
The shops will be operated by Aer Rianta, the Dublin airport authority, which has opened many outlets in Eastern Europe, notably in Moscow, St. Petersburg, Kiev, Warsaw and Budapest, as well as others in Kuwait, Bahrain and Karachi.

The shops at the Channel Tunnel terminals will be the Irish company's first in Western Europe outside of Dublin, Shannon and Cork airports.

Another irony is that Aer Rianta is a prominent voice in the duty-free lobby that fought for the extension of the concessions and which will be opposing the attempt by Eurotunnel to rescind the 1999 extension granted by the European Union for intra-Union travelers.

Duty-free victory

This extension was a major victory for the duty-free operators, as they had feared an end to the system with the advent of the single market.

"We have agreed to differ with Eurotunnel," says Aer Rianta's spokesman Flu Clune. "We are very happy to have won this prestigious contract and to have shops which will sell an international range of goods as well as Irish products."

The shops will combine duty-free (i.e., no excise taxes) sales of liquor and cigarettes with VAT-free sales of perfumes, cameras, clothes and gifts.

Aer Rianta will extend the range in line with demand. "This is a new market, and we will have to see how it develops. In any event, we intend to adopt a high profile," adds Mr. Clune.

Not quite drive-in
Both Eurotunnel and Aer Rianta ac-



Channel Tunnel operators are hoping that passengers will break their journeys to shop.

knowledge that the imponderable factor is whether car drivers, who will choose the shuttle for speed, will be prepared to break their journey in order to go shopping.

Christopher Garnett, Eurotunnel's commercial director, thinks they will. "We expect passengers will park their cars, eat, shop and then catch the next shuttle," he says. "There will be a shuttle train every quarter of an hour."

Truck drivers and shareholders, who have been using the shuttle during the so-called "overture" period, have been the first to use the shops.

Mr. Garnett insists that the shops' opening will not lessen the determination of Eurotunnel to fight in the courts, although he expects the duty-free lobby to fight just as hard "to defend their gravy train."

The EU question

In July, Eurotunnel took action against the British government and obtained leave in the High Court in London to seek judicial review of intra-Union duty-free sales. It hopes for a full hearing soon on whether certain cases relating to European law should be referred to the European Court in Luxembourg.

The Eurotunnel argument is that the continuation of duty-free purchases in intra-Union travel has been unlawful within the single market after Dec. 31, 1992, and led to abuses by the ferry companies that should be stopped.

In taking the case to court, Eurotunnel is honoring its pledge to shareholders "to correct the adverse financial effects for Eurotunnel of the continuation of the duty-free concession."

Sales vs. subsidies

Eurotunnel cochairmen Patrick Pontolle and Sir Alastair Morton said in a statement at the time of the July court hearing: "This is a straight subsidy from taxpayers to certain travelers and operators which is applied in a manner that has often become an abuse and which provides ferries and short-haul airlines with a discriminatory advantage against their new competition in cross-Channel traffic."

Alan Tillier



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331st Winner
VELLUR SATYANARAYAN
(Series # 331 - Ticket # 0914). Indian, from Dubai, UAE, winner of an arktis grey BMW 850 Ci.

332nd Winner
ABDULLAH AL ABASSI
(Series # 332 - Ticket # 0982). UAE: national from Umm Al Quwain, winner of a blue Ferrari 348 Spider.

333rd Winner
SAMBASIVAM SWAMINATHAN
(Series # 333 - Ticket # 0899). Indian, from Madras, India, winner of a silver Mercedes Benz SL 500.

Not quite drive-in
Both Eurotunnel and Aer Rianta ac-

"WORLD TRAVEL SHOPPING"

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WORLD TRAVEL SHOPPING

THE GULF'S LUCRATIVE MIDNIGHT HOUR

Abu Dhabi, Dubai and Bahrain continue to draw millions of dollars in sales – especially during night stopovers.

While half the world is sleeping, the other half is shopping – or so it seems at the tax-free shops at the major Gulf airports during the dead of night. Between 10:30 P.M. and 2 A.M. is peak shopping time for the thousands of transit passengers at the airports in Abu Dhabi, Bahrain and Dubai. With an average stopover of less than 45 minutes, passengers have little time to browse and buy, which explains the frenetic activity as travelers from many nations jostle together at the cash registers.

Today's travelers through the Gulf are spending more than ever before. Sales at the three leading tax-free shops in the Gulf – Abu Dhabi, Bahrain and Dubai – are expected to rise by 13 percent by the end of this year. Last year, combined sales reached an all-time high of \$212 million, with Dubai well out in front with \$132 million.

Double-digit growth This year, according to Colin McLoughlin, general manager of Dubai Duty Free (DDF), total sales are expected to top \$140 million. At Abu Dhabi, Mohammed Mounib, general manager of Abu Dhabi Duty Free (ADD) says revenue for the first half of this year rose by 20 percent to \$28.1 million, compared with the same period in 1993. John Sutcliffe, general manager of Bahrain Duty Free, says that sales so far this year are already up 23 percent over 1993. He adds: "The shops continue to break daily and monthly records, and the projected sales total for 1994 is \$35 million – an increase of 48.6 percent in just two years."

For the sixth year running, the readers of Business Traveller magazine have voted Dubai Duty Free the world's second-best airport duty-free shop, behind Amsterdam's Schiphol.

With some seven international airports in the United Arab Emirates alone, com-

petition between the two principal airports, Abu Dhabi and Dubai, is intense – although the two general managers will publicly admit to only a kind of friendly rivalry. The entry of the new operation at Bahrain International Airport two years ago has introduced another player to the tax-free shopping scene.

Value at Dubai Dubai, which recently celebrated its 10th anniversary, was the original trailblazer in the Gulf, concentrating on a huge variety of goods at what Mr. McLoughlin describes as "value for money" prices. Today, the Dubai operation has become a much wider enterprise: Dubai Inc. "One of our aims has been to put Dubai more prominently on the world map, not only as a pleasant place to shop in the duty-free complex, but also as a place to do business, a tourist destination and as the sporting capital of the Gulf," Mr. McLoughlin says.

He adds that profits are not on the priority list when it comes to offering a service to the 6 million passengers passing through the airport each year. Says Mohi-Din Binshendi, director-general of the Dubai Department of Civil Aviation: "Since the beginning, DDF's commitment has been to opening the door to international business by providing an exceptional service and product range at the most competitive prices. We believe we have succeeded, and we now provide a link between 100 worldwide destinations and serve 62 airlines."

A heavy emphasis on sponsoring a full range of sporting events is part of an overall strategy to promote Dubai. Involvement in world-class sports, from professional golf and tennis tournaments to snooker and offshore powerboat racing, has certainly stimulated global attention. Mr. McLoughlin says that some of these events attract worldwide television audiences of more than 300 million viewers.

Redone Abu Dhabi Abu Dhabi has gone in for only limited sports sponsorship. The main thrust is on developing the shopping complex, which has just gone through a major refurbishment, making it one of the most attractive tax-free shops around. It stocks some of the most up-to-date items in electronics and electrical goods as well as a huge selection of video and film cameras. Its prices are extremely competitive, making it a "must" stop for the discerning tax-free shopper seeking real value for money in a relaxing and comfortable environment. The multilingual staff offers true service with a smile, whether it is the middle of the day or night.

Major changes this year have included a new per-

"Some items on display may seem incongruous to the casual observer, but make sense to the international traveler," says Mr. Mounib. "For instance: leather and knitwear, ideal for customers flying from the Middle East to a cold European winter climate." Another example of customers' special needs being accommodated is the availability of tobacco, beverages, video recorders and cameras that meet the requirements of those from the countries of the former Soviet Union.

This year saw the opening of Abu Dhabi's second international airport at Al Ain, served by five international airlines. ADDF management operates the shop. "As in Abu Dhabi, we expect gold jewelry and electronics

to be the top-selling products," says Mr. Mounib.

Browsing in Bahrain

There have been extensive changes in Bahrain's duty-free shopping complex, which now covers more than 1,800 square meters.

It was officially opened last September by Bahrain's Prime Minister Sheikh Khalifa bin Sulman al-Khalifa. "I now believe we have one of the finest shopping

facilities in the region and one of the very best in the world," says Mr. Sutcliffe, the general manager.

The new design and layout of the shopping complex in the recently expanded international airport encourages customers to "walk the shops" and see the entire 35,000-item product range.

More than 3 million passengers pass through the airport, and its tax-free shops have a distinctive local flavor that has proved popular with many visitors. "The Bahraini corner is popular for souvenir snapshots," says Mr. Sutcliffe.

Here a wide choice of locally made products, from confectionery to brassware and textiles, are on display.

He has also introduced listening posts with headsets for those who want to listen to any of the 5,000 CDs or tapes stocked.

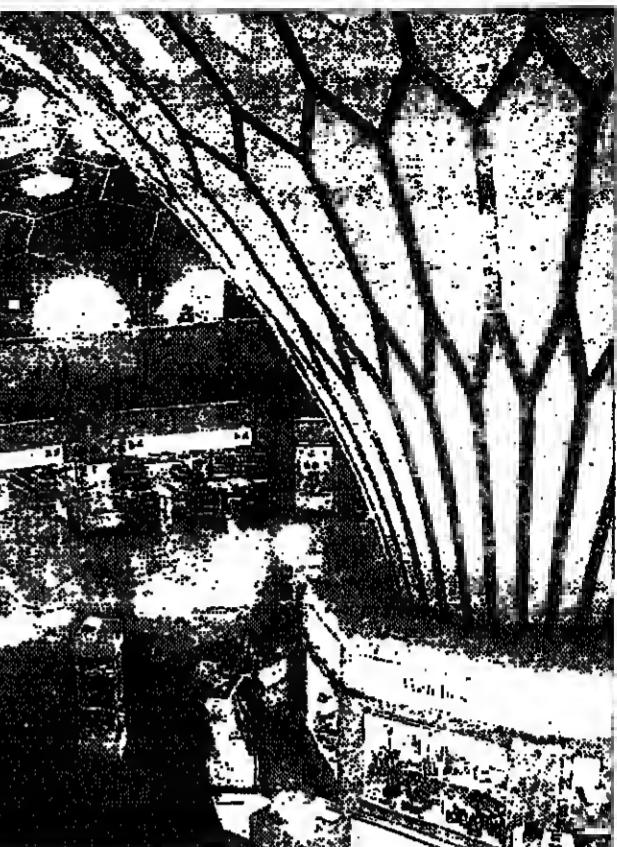
Michael Frenchman

Abu Dhabi's shopping complex (top) has been completely refurbished and offers the most up-to-date electronic and electrical equipment at extremely competitive prices. Dubai Duty Free (above) saw revenues increase by 20 percent during the first half of this year.

fume and cosmetic shop, now one of the largest in the Gulf. The old circle "island" shop, one of the central features of the terminal building, has been replaced with four island boutiques displaying leading brand names in jewelry and watches. With more than 55,000 items on display, ADDF aims to cater to the special needs of its traveling customers as part of its "value for money" approach.

to be the top-selling products," says Mr. Mounib.

Research shows that some 70 percent of purchasers bought duty-free items out of boredom.



SHOPPING IN STYLE IN AMMAN MALL

Airport duty-free shops have been consolidated.

The most striking display at the newly arranged duty-free complex at Queen Alia International Airport, Amman, Jordan is the eye-catching Cartier island shop, which has a wide selection of Cartier products, from the famous watches and pens to leather and fashion goods.

The Mall, "Where you can shop in style," as the slogan declares, is often overlooked as tax-free shopping point. This is partly because few of the 1.5 million passengers using the airport are in transit.

"Although we expect a slight increase by the end of the year, the bulk of our passengers are arrivals and departures," says Taleb Izmigni, the energetic executive vice president in charge of duty-free sales in The Mall and on board Royal Jordanian, the national airline. Sales last year totaled \$14 million, of which some \$3 million to \$4 million were Royal Jordanian in-flight sales. Mr. Izmigni expects a slight overall increase in revenue of between 5 percent and 10 percent by the end of December.

The whole airport is undergoing substantial improvements, and the previous two duty-free shops serving Number One and Number Two terminals have been amalgamated into one shopping complex located on the bridge connecting the two terminals. Mr. Izmigni hopes to offer a 24-hour service in the near future.

Major improvements this year included an enlarged fashion area. Emphasis is on obtaining the latest products, which come direct from suppliers and manufacturers. "We try to use our resources and skills to make sure that we keep absolutely up-to-date with customers' demands and changing fashions," says Mr. Izmigni, adding that The Mall has to operate on strictly commercial lines, unlike some Middle East operations.

CYPRUS TO OPEN CLEARINGHOUSE

A new center for manufacturers, traders and retailers.

A major development is taking place in Cyprus that is likely to affect the tax-free shopping business in Italy, the Mediterranean countries and the Middle East. It is an entirely new concept that may lead to some major changes worldwide as far as the industry side of tax-free shopping is concerned.

Cyprus, a leading offshoot center in Europe and the Eastern Mediterranean, is to have a new-style International Merchandising Center (IMC), which will open its doors for business next year. Already, the first phase of a \$16 million purpose-built exhibition center, complete with the latest high-tech computerized merchandising system, is under construction on an industrial estate just outside Nicosia, the island's capital.

Free zone for duty free

Demetria Louca, managing director of IMC, says the objective is to provide an international shop window for manufacturers, traders and retailers from all over the world in a duty-free environment. Because IMC is located in a free zone, no duty will be paid on goods coming into or going off the island.

"We want the merchandise buyers to come and select their goods from those on display, instead of having to travel to manufacturers in countries that may be thousands of miles away," explains Mr. Louca. "Here, it will all be under one roof. Only quality products will be on show at all times with ample stocks available for immediate delivery anywhere in the world."

Already, two major companies are planning for the new Beirut Airport. M.F.

THE TRUFFLE-DUST FACTOR: PACKAGING DUTY-FREE GOODS

Beautiful. Practical. Portable. Duty-free packaging must be all three.

Product packaging, important in any sales environment, faces special challenges in the duty-free arena. The most critical elements in duty free – for both sellers and buyers – are space, weight and product protection. There is simply less space in most airport shops than in comparable "downtown" stores. This space problem is compounded for in-flight sales, where space considerations are paramount.

No cellophane, please

When Lego, maker of colorful building blocks for children, began an in-flight sales program, it decided to create a special collection with its own packaging. Explains Lego's Ole Wirthus: "We knew we had to minimize box size because of space limitations." Each box is specially coated to reduce damage when the boxes are taken on and off in-flight trolleys. Cellophane was considered and rejected, notes Mr. Wirthus, "because it tears too easily."

Weight is also a significant factor in duty-free sales. A customer might be attracted by a magnum of champagne, but an elegant box of liquor-filled chocolates is easier to carry. So liquor companies, representing the largest category of sales in duty free, do what they can to ease the burden for their customers.

According to Luca Maulini, regional director for Cinzano, one of the most common packages for spirits is the gift pack in cardboard with a handle. It is easy to carry, offers protection for the contents and may be sized to meet import requirements." He adds that wooden cases made of ultra-light wood are also popular. Premium brands have the highest markup and therefore can afford the fanciest packaging. The most extravagant liquor decanters are targeted at the Japanese market, where a gift-giving tradition encourages the purchase of such items.

Lightness of bearing A 50-cubiliter plastic flask, such as those sold in-flight, is not an impressive-looking gift, but it is light and practical for one's personal use. It can also be slipped into a carry-on bag or attaché case without risk of breakage.

Packaging should not only be easy to carry, but should also protect the product inside. This is evident in the case of cigars. Premium cigars should be kept in an environment with 70 percent to 72 percent humidity; otherwise, explains Dominique Cron, product manager for Davidoff, the cigars will become too dry and break apart.

His company looks for either a humidified

room or a showcase with the proper humidity and a temperature of 18 to 20 degrees Celsius. Not all airports offer the appropriate facilities, so each cigar sold in duty free is additionally wrapped in cellophane. Mr. Cron adds, "Aesthetically it is more pleasing to open a box of cigars without such wrappings, but we have to protect our products."

Chocolate bloom

Similarly, premium chocolates such as Godiva and Neuhaus should be kept in refrigerated cases. Pio Stevens, export manager for Godiva, notes that variations in temperature have an impact on chocolates. First they "bloom" and turn gray; ultimately, the taste will be affected. Even with refrigeration, shelf life is only about eight weeks.

Premium chocolatiers therefore favor distribution of their prepackaged balloons in refrigerated showcases. They are also beginning to sell in bulk, which requires both refrigeration and a sales clerk. "It's important," says Mr. Stevens, "because it enables the customer to select either a regular balloon or a more elaborate container. And of course he will have made his own selection, so it is more exclusive."

Truffles that travel

Regardless of temperature, until recently, Godiva's Belgian truffles could not travel. They are dusted with cocoa powder, which winds up all over the box. But the company has devised a special packaging that prevents this from happening, and truffles can now be found in duty free.

Beyond the primary considerations of space, weight and protection, duty-free product packagers have to pay attention to the psychology and context of the duty-free transaction.

Thom Rankin of Duty Free Electronics describes the motivation behind the in-flight purchase: "It may be that the person in the next seat is buying. Or the customer realizes that he/she forgot something. Or to use up spare change in a foreign currency. Or the appeal of a novelty item as it goes by on the trolley. And of course the need to make a gift – professionally or personally."

Revealing outerwear

Mr. Rankin emphasizes that the outer package should reveal the inner contents. If possible, the product should be visible, especially for in-flight sales: a product visible on the airline trolley as it goes down the aisle is another way to attract a customer. Perfumers' Workshop holds the same view and has developed packages exclusively for in-flight sales.

C.F.

trade as the "LT" (liquor and tobacco) business has dropped, status-appeal goods, like European designer brands, are selling like rice cakes.

The introduction about three years ago of discount stores in Japan selling cheap liquor and tobacco products and discounting in Taiwan have made a dramatic change, particularly to ground operators who run the airport shops.

This is offset by the increased trade in name-brand goods to this status-conscious region. Dunhill, Cartier, Ferragamo, Burberry, Hermès and Chanel products appeal to well-heeled Asian travelers.

Short-hop sales Asian airlines such as Cathay Pacific also report a drop in liquor sales. But Cathay Pacific's sales of other items on short routes from Hong Kong to places such as Taiwan and South Korea are so brisk that flight crews can barely keep up. The most popular items are fragrances, cognac, cosmetics and general gift items.

Garry Merchant

These merchants benefit because airports are conducive to impulse shopping.

According to a Harris poll of several years ago, 70 percent of purchasers bought duty-free goods out of boredom.

Delayed flights are a blessing to airport retailers.

Garry Merchant

Only quality products will be on show at all times with ample stocks available for immediate delivery anywhere in the world.

Already, two major companies are planning for the new Beirut Airport.

M.F.

MONDAY SPORTS

U.S. Roars Off With Solheim Cup

Europeans Overwhelmed in Final Day's Singles Matches, 8-2

Compiled by Our Staff From Dispatches

WHITE SULPHUR SPRINGS, West Virginia — The United States won eight of 10 singles matches on Sunday, including surprising wins from Kelly Robbins and Tammy Green, to reclaim golf's Solheim Cup from Europe.

"After having our noses rubbed in it for two years, it's a great feeling to have the Cup back on our side," said Patty Sheehan of the United States.

The matches were tied 5-5 entering singles play, and five of those matches were tied or close through the front nine. It appeared that the Cup would be decided by the final match between Donna Andrews and Liselotte Neumann of Sweden.

But one by one, the Americans caught fire.

Robbins earned a 4 and 2 victory over Lorraine Fairclough of England and Green's 35-foot (10.5-meter) birdie putt on No. 16 clinched her 3 and 2 victory over Annika Sorenstam of Sweden.

Robbins and Green, two newcomers to the women's version of the Ryder Cup, had lost their alternate-shot and four-ball matches earlier and seemed to be a burden to the Americans.

"I knew my game would come around a little bit and just played real steady today," said Robbins, 25, who had been the wild-card pick as the 10th player on the U.S. team.

SCOREBOARD

Top 25 College Results

Now the top 25 teams in the Associated Press' college football poll stand this week: 1. Penn State (6-0) did not play; Next: vs. No. 24 Ohio State, Saturday; 2. Colorado (7-0) beat No. 19 Kansas State, 35-14; Next: vs. No. 16 Nebraska, 27-10; 3. Michigan (6-1) beat No. 23 Wisconsin, 24-14; Next: vs. No. 20 Michigan State, Saturday; 4. Auburn (6-2) beat No. 11 Florida, 34-10; Next: vs. No. 22 Georgia, 24-17; 5. Florida (6-1) beat No. 17 Virginia Tech, 34-10; Next: vs. No. 18 South Carolina, Saturday.

11. Michigan (5-2) beat Illinois 19-14; Next: vs. Wisconsin, Saturday; 12. Colorado State (7-1) test to No. 18 Utah 45-21; Next: vs. Wyoming, Nov. 5; 13. Texas (5-2) beat Southern Methodist (4-2); Next: vs. Arkansas, Saturday; 14. Texas Tech (6-0) beat Oklahoma State (4-3); Next: vs. No. 17 Oklahoma, 27-10; 15. Florida (6-1) beat No. 23 Oregon, Saturday; 15. North Carolina (5-2) lost to No. 25 Virginia Tech 34-10; Next: vs. North Carolina State, Saturday.

16. Syracuse (6-1) beat Temple 49-22; Next: vs. No. 17 Boston College, 27-10; Next: vs. Pittsburgh (6-2) beat No. 18 Miami, Saturday; 16. Utah (7-0) beat No. 12 Colorado State (5-3); Next: vs. Texas-Erath, Saturday; 17. Kansas State (6-2) test to No. 7 Colorado (7-0); 18. Oklahoma (6-2) beat Southern Methodist (4-2); Next: vs. No. 17 Oklahoma, Saturday; 19. North Carolina (5-2) beat No. 25 Virginia Tech 34-10; Next: vs. No. 20 Duke, Nov. 5.

Other Major College Scores

EAST
Army 26, Citadel 24
Boston U. 40, Richmond 24
Bucknell 21, Lehigh 27
Cent. Connecticut 58, St. Francis, Pa. 21
Cornell 16, Princeton 6
Columbia 30, Yale 9
Connecticut 33, Rhode Island 16
Cornell 17, Dartmouth 14
Duke 52, Massachusetts 14
Duke 26, DePaul 21
Hofstra 24, Buffalo 21
Loyola 17, Holy Cross 9
Louisville 35, Navy 14
Marist 12, Cornell 0

The victory was especially sweet for Meg Mallon, whose 1 up victory over Pam Wright of Scotland clinched the U.S. triumph. Mallon had lost in the deciding match in 1992.

"JoAnne told us not to look at the board all day, so I had no idea how I stood, although I knew with all the players behind me that the match meant a little something," Mallon said, referring to the U.S. captain, JoAnne Carter.

The host country has won all three Solheim Cups.

"We knew we had to play great golf to win and we just didn't do it when it mattered," said the European captain, Mickey Walker.

The other American winners were Beth Daniel, Dottie Mochrie, Brandie Burton, Shelly Steinhardt and Andrews.

Helen Alfredsson of Sweden and Alison Nicholas of England were the lone winners Sunday for Europe.

On Saturday, Burton's seventh-hole birdie had helped the U.S. team begin its climb back into a tie with the surprising and dogged Europeans.

The kick-in birdie squared the match and propelled the U.S. team to a 2-up victory.

It was the second of five birdies for Burton, and it was the first of three vic-

tories for a U.S. team that pulled the Solheim Cup matches even, 5-5. (AP, NYT)

Johansson Wins Czech Open by 3

Per-Ulrik Johansson of Sweden won the Czech Open on Sunday with an 11-under, 63-hole aggregate total of 237, finishing three strokes ahead with a five-under-par on the final round. The Associated Press reported from Marianske Lazne, Czech Republic.

Follow Swede Klas Eriksson finished second at 240, while Frank Nobilo of New Zealand and Russell Clayton of England tied for third at 241.

Johansson's victory at the first PGA Tour event ever played in the former East Bloc earned him his first victory since 1991.

Seve Ballesteros of Spain shot a 70 in the final round to finish at 244.

The first three rounds of the weather-plagued tournament were played on just 15 holes because of frost damage to the 11th, 13th and 14th. But the greens had recovered enough by Sunday to use the entire 18-hole par-71 course, one of the oldest in Central Europe.

The weather was a factor all week, with frost hampering the early rounds, had light ending third-round play before all players had finished Saturday and fog delaying the beginning of the final.

(Reuters, AP)

Empty Purse Fells Heavyweight Bout

Compiled by Our Staff From Dispatches

HONG KONG — The World Boxing Organization heavyweight title clash between holder Herbie Hide of Britain and Tommy Morrison of the United States was called off Saturday on the eve of Sunday's scheduled bout.

The expected weigh-in was hastily rearranged as a press conference to announce that the boxers' purses could not be guaranteed and that all the fights on the card, which also included the WBO middleweight championship and the IBF lightweight championship, were canceled.

Barry Hearn, Hide's manager, said he was withdrawing his fighters because they were not paid. He said the fighters on the card were owed a total of over \$2 million.

Bob Arum, the Top Rank Boxing chairman and a co-promoter, said bankers were unwilling to release money to pay the fighters. "They put us in a very, very terrible position and that really left us with no alternative but to postpone," he said.

John Daly, the Hong Kong promoter, said he had offered his bank collateral worth more than \$2 million, but was refused a loan to pay the fighters. Daly, representing Hemdale Promotions, also blamed the postponement on poor public response. He said only 2,000 tickets had been sold for the show, which was to have been held in a 40,000-seat stadium.

The announcement set off angry scenes involving Bruno's manager, Mickey Duff, Hearn and Arum. Boxers performed a mock weigh-in, and Bruno called the decision "disgusting." Arum said the show would be rescheduled.

(Reuters, AP)

SIDELINES

Frenchwoman Wins Leg of Solo Race

CAPE TOWN (AP) — The French sailor Isabelle Autissier made yachting history Sunday by becoming the first woman to complete the first stretch of the BOC Challenge 1994-95, arriving from Charleston, South Carolina. She finished in 35 days, 8 hours, 52 minutes and 18 seconds, breaking the previous best time by 2 days, 20:21. The 27,000-mile (43,500-kilometer) race continues to Sydney on Nov. 28, then to Punta del Este, Uruguay. It is scheduled to end in Charleston in April.

Rominger Sets Hour Cycling Mark

BORDEAUX (Reuters) — Tony Rominger of Switzerland shattered the world one-hour cycling record, covering 53.832 kilometers in a display of power and strength.

His performance Saturday beat the mark set last month on the same track by Miguel Indurain of Spain who covered 53.040 kilometers (32.7 miles). Rominger's achievement was surprising, because he had made no special preparations and was riding an ordinary road time-trial bike. Indurain had trained for the event and used a special bicycle. Rominger said he would make another record attempt at altitude, probably next month in Mexico City.

Blow to Head Linked to Senna Death

BOLOGNA (AP) — An autopsy apparently shows that the Formula 1 champion Ayrton Senna was killed when the arm of his car's suspension system penetrated the visor of his helmet after he slammed into a wall during the Imola Grand Prix in May.

The Italian news agency ANSA said Saturday that the information was included in a forensic report of the autopsy conducted on the Brazilian driver. The report was given to prosecutors investigating Senna's death in recent weeks. According to the report the arm impacted above Senna's eye causing irreversible damage to his head.

SWITZERLAND — Peter Feuerli, Louis IV, Romuald V, Jovanka, Pizolino, 12, Papeete 12, Sondrio 11, Milos 11, Torino 10, Bart 10, Inter 9, Capri 9, Genoa 9, Napoli 9, Cremona 9, Padova 9, Brescia 2, Reggio 1.

BASEBALL

American League

TEXAS—Announced the resignation of Wayne Krivsky, assistant general manager, effective Oct. 21.

National League

ATLANTA—Decided to offer salary arbitration to Steve Bedrosian, pitcher.

CINCINNATI—Decided to offer salary arbitration to Tom Browning, pitcher, and Tony Fernandez, shortstop. Tom Browning and Rob Dibble, pitchers, and Tony Fernandez, right fielder, accepted right assignments and elected free agency.

COLORADO—Decided to offer salary arbitration to Howard Johnson, outfielder.

FLORIDA—Claimed Brian Boevers, pitcher, off waivers, and decided to offer salary arbitration to Tom Browning, pitcher, and Dave Meacock, infielder, and Benito Santiago, catcher.

HOUSTON—Decided to offer salary arbitration to Alan Ross and Mitt Thompson, catchers. Asked Ken Ramey, outfielder, to Tucson, PCL.

LOS ANGELES—Chris Gwynn, outfielder, refused a minor league assignment and selected free agency. Relieved Rich Denney, manager of the team, and Rich Denney, manager, of Vern Bleas, Florida State League; and Joe Vivero, manager of Yakima Northwest League. Named John Shely, manager of San Antonio, T.J. Ross, Roanoke manager, and Ben Bernardino, Cliff and John Shore, manager of Great Falls Pioneer League.

PITTSBURGH—Decided to offer salary arbitration to Lance Parrish, catcher, and Doug Drabek, pitcher.

SAN DIEGO—Claimed Brian Boevers, pitcher, off waivers, and decided to offer salary arbitration to Tom Browning, pitcher.

SAN FRANCISCO—Announced they have offered salary arbitration to Barry Strawn, pitcher, without a contract.

BASKETBALL

MILAN—Signed Basketball Association

BOSTON—Signed Greg Minor, guard, and Kevin Smith, guard; Isaiah Morris, forward; and Andre Rison, forward.

DALLAS—Signed Jim Ballard, guard, and Kevin Johnson, forward.

DETROIT—Signed Dennis Rodman, forward, \$15,000 for missing Thursday's exhibition game against Milwaukee.

FLORIDA—Signed Kevin Lattimore, forward.

LOS ANGELES—Chris Gwynn, outfielder, refused a minor league assignment and selected free agency. Relieved Rich Denney, manager, of Vern Bleas, Florida State League; and Joe Vivero, manager of Yakima Northwest League. Named John Shely, manager of San Antonio, T.J. Ross, Roanoke manager, and Ben Bernardino, Cliff and John Shore, manager of Great Falls Pioneer League.

PHILADELPHIA—Signed Mike Grier, guard.

PHOENIX—Signed Steve Smith, guard.

SEATTLE—Signed Jim Ballard, guard, and Kevin Johnson, forward.

SACRAMENTO—Signed Jim Ballard, guard, and Kevin Johnson, forward.

SAN ANTONIO—Signed Dennis Rodman, forward, \$15,000 for missing Thursday's exhibition game against Milwaukee.

PHILADELPHIA—Signed Kevin Lattimore, forward.

NEW YORK—Signed Kevin Johnson, forward.

DETROIT—Signed Dennis Rodman, forward.

MEMPHIS—Signed Kevin Johnson, forward.

MINNEAPOLIS—Signed Kevin Johnson, forward.

NEW ORLEANS—Signed Kevin Johnson, forward.

OKLAHOMA CITY—Signed Kevin Johnson, forward.

PHOENIX—Signed Kevin Johnson, forward.

PHILADELPHIA—Signed Kevin Johnson, forward.

PORTLAND—Signed Kevin Johnson, forward.

SEATTLE—Signed Kevin Johnson, forward.

SACRAMENTO—Signed Kevin Johnson, forward.

SACRAMENTO—Signed

